

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Established in **1965**, WAT is Turkey's largest exporter of electric motors and is proud of its leading position in the sector. As **part of Arçelik A.Ş.**, Turkey's industry leader in the electrical equipment segment, we have demonstrated significant growth potential, sector value creation and contributions to the fight against climate change. Our commitment to sustainability and climate change initiatives is deeply embedded in our operations. Since becoming an independent company under **Koç Holding** in 2018, WAT has continued to make a significant impact in **combating climate change**. Our **WAT and TEE brands** serve as trusted partners for electric motor solutions, reaching distributors and manufacturers in over thirty countries worldwide. In 2022, we expanded with a second R&D centre in Istanbul and became a Turkish company manufacturing domestic electric vehicle chargers.

At WAT, our primary mission is to reduce carbon emissions and energy demand through the production of **energy-efficient electric motors**. We have been at the forefront of innovation in industrial motors, offering both IE3-IE4 energy efficiency classes. In the renewable energy sector, we have entered the wind energy market by manufacturing **components for wind turbines**. In the mobility sector, we have a leading position in the **electrification of mobility**, providing **original motors, motor drives and HMIs**. Our **motion control** systems play a crucial role in precision, software and Industry 4.0 applications. In 2023, we started the production of EV charging units in Turkey, leveraging our expertise in power electronics. We established domestic production lines for electric chargers in Turkey and made strategic plans for capacity increase, product quality, and carbon-zero targets in **EV charger production**. With a focus on achieving net-zero carbon emissions, WAT offers a comprehensive range of EV charging solutions that support both commercial and passenger electric vehicles. In addition to EV & DC chargers and digital solutions, WAT is committed to **sustainable product** stewardship, driving product design strategies that align with our **'Products for Fit-for-55' approach** to contribute to global net-zero carbon emission targets. Through our Fit-for-55 products, we are developing environmentally conscious designs, compact products that reduce resource consumption, and a full range of highly energy efficient electric motors.

Through our sustainability programme, we have achieved a significant **reduction in carbon emissions** from our production. To further expand our activities in the e-mobility ecosystem, we have established **WAT Mobility** in collaboration with Opet, Otokoç and Entek (Koç Group companies). WAT Mobility aims to provide a superior quality experience for electric vehicle users with a net-zero carbon emission target. Through cloud, software and system platforms, WAT Mobility integrates the e-mobility ecosystem, providing value-added digital solutions and state-of-the-art charging units for commercial and passenger electric vehicles.

As a company, we are committed to **responsible consumption and production**, following the principles of the circular economy and prioritising the efficient use of natural resources. In line with our vision and the UN Sustainable Development Goals, WAT strives to develop, market and promote resource efficient and environmentally friendly products with innovative designs. WAT conducts its business in accordance with **ISO14001 EMS** and **ISO9001**. In addition, WAT has established a **GHG management system** based on the principles of continuous improvement. WAT has calculated its GHG emissions (**Scope 1&2&3**) in accordance with **ISO 14064-1:2018** Std. These emissions have been audited and verified by an independent body with a limited assurance level of "100% verification". Scope 3 emissions include purchased goods, employee commuting, waste treatment, packaging waste of sold products, wastewater, and use of sold products. In 2022, WAT also established an **ISO 50001 EnMS** to ensure energy efficiency in all its activities and products.

In conclusion, WAT is a pioneering company that has completed **Turkey's first fully agile** transformation in the manufacturing sector. As the first Turkish company in our industry to report to CDP, we are integrating sustainability into all aspects of our business and increasing our contribution to the fight against climate change.

Going forward, we will continue to provide solutions to climate change and energy challenges globally, while creating significant social benefits. As a separate company within Koç Holding, we are committed to providing low-carbon products to the industry and users, further increasing our effectiveness in combating climate change.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1 2022

End date

December 31 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

3 years

Select the number of past reporting years you will be providing Scope 2 emissions data for

3 years

Select the number of past reporting years you will be providing Scope 3 emissions data for

3 years

C0.3

(C0.3) Select the countries/areas in which you operate.

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C0.8

(C0.8) 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, another unique identifier, please specify (BIC Code)	YAPITRISXXX

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Director on board	<p>The WAT organisation has two members of the Board of Directors (BoD) with strong expertise in climate change issues. The President of Koç Holding's Consumer Durables Group has been specifically appointed by the BoD to provide valuable insight into sustainability-related risks and opportunities. In addition, they hold the Board-level position of Chair of the Sustainability & Risk Committee, where they are regularly updated on climate-related risks, opportunities and the investments required to meet our emissions targets. Our CEO is a climate expert with extensive experience and a track record as a Board member.</p> <p>WAT has established an Executive Committee to oversee sustainability and climate change issues, which is chaired by the CEO as a member of the Board. At the request of the Board, the CEO appointed the CFO to establish the WAT-specific Risk Committee and Sustainability Committee and to develop the strategic framework, including climate, water and sustainability risks. In this capacity, the CFO chairs both the WAT Risk Committee (WRC) and the WAT Sustainability Committee (WSC), both of which were established specifically for WAT and consist of members of the Executive Committee. The primary objectives are to report to the Board and to facilitate a seamless flow of information.</p> <p>Climate change features prominently in our Board's investment and corporate strategy meetings. The CFO, as Committee Chair, represents the Executive Committee and updates the Board on climate change-related activities and findings of the Sustainability Committee (WSC). At a recent meeting, for example, the Board approved WAT's sustainability goals and our commitment to achieving net-zero emissions by 2030 and 2050. This decision positions WAT to join the Science-Based Targets Initiative (SBTi) by 2024.</p>
Other, please specify (Executive Committee)	<p>The WAT Sustainability Committee and the WAT Risk Committee have been established by Board resolution. The WAT Sustainability Committee (WSC) is responsible for managing sustainability and climate change issues. The Sustainability Committee is chaired by the CFO and includes members of the Executive Committee such as the Chief Operating Officers (COOs), the Human Resources Manager (CHRO) and the Sustainability&HSE CoE Manager.</p> <p>The Sustainability Committee meets quarterly to review and assess performance, progress against the strategic roadmap and evaluation against the sustainability and climate change action plan. Chaired by the CFO, the Committee regularly reports to the Board on its activities and progress.</p> <p>In addition, the Committee has established the Sustainability Council, chaired by the Sustainability & HSE CoE Manager and comprising B- and C-level management members such as the Product & Projects (R&D) Tribe Leader, the Demand&Supply Tribe Leader, the Production & Supplier Development Tribe Leader, the Production Technology & Supplier Development Tribe Leader and the Quality & Customer Service CoE Manager. This structure also includes four sustainability working groups involving various departments.</p> <p>The Sustainability Council shapes the company's policies and strategies on sustainability and climate issues, integrates them into our operations and monitors WAT's sustainability performance and targets. It ensures the effective implementation of decisions related to climate change, ESG and other relevant risks and opportunities, reporting to the CFO and the WSC, which meets quarterly. The Council's four dedicated working groups focus on sustainability objectives and meet monthly to assess progress and achievement of targets, reporting their progress and findings to the CFO through the Sustainability & HSE CoE Manager.</p>
Chief Financial Officer (CFO)	<p>The activities related to the identification, management and monitoring of risks that could affect WAT are carried out by the Finance, Risk Management & Compliance Directorate. As Chief Financial Officer and head of the Finance, Risk Management&Compliance Directorate, the CFO's main responsibilities include identifying risks and opportunities for corporate sustainability, managing risk mitigation plans and determining sustainable corporate strategies and investments.</p> <p>Within WAT's Enterprise Risk Management, risks are grouped into six main categories: financial, reputational, production, operational, human and legal. These risks are proactively monitored and their long-term impact on the company is assessed and reported. The WAT Enterprise Risk Management (WERM) framework is based on various methodologies and best practices, including the ISO 31000 Risk Management Standard. As the leader of the Enterprise Risk Management and compliance organisation, the CFO is responsible for integrating WAT's risks and opportunities and working with the Risk Committee to mitigate identified risks.</p> <p>The Sustainability Committee (WSC), chaired by the CFO, is responsible for developing and evaluating climate crisis policies and strategies based on identified risks and opportunities. These policies and strategies provide roadmaps and perspectives for minimising climate risks. The Sustainability Committee meets quarterly to review climate risks. Climate-related risks and opportunities are assessed and prioritised by the Sustainability Committee. Committee members are responsible for actively developing and implementing solutions to mitigate the potential impacts of climate change. The identified and assessed risks are regularly presented to the WAT Corporate Risk Committee. The Risk Committee, which is responsible for the risks identified by the Sustainability Committee, including climate-related risks, oversees their management.</p> <p>As Chair of the Sustainability Committee, the CFO also reviews the results and performance of the WSC on a quarterly basis and is responsible for evaluating key results and addressing needs at Board level. The quarterly meetings and reporting are evaluated by the Sustainability & HSE Manager (Sustainability Council Leader) to ensure close monitoring of needs and development of roadmaps.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Other, please specify (Scheduled - Daily Scrum Meeting)	<p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Monitoring the implementation of a transition plan</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing value chain engagement</p> <p>Reviewing and guiding the risk management process</p> <p>Other, please specify (-Monitoring and overseeing progress against goals and targets for addressing climate-related issues, -Coordination with the management team (Executive Board members & C-level), -Planning and monitoring for the integration of business strategies)</p>	<Not Applicable>	<p>As Turkey's first agile manufacturing company, WAT has successfully completed its agile transformation by adopting an agile methodology in its business operations. This transformation to an agile organisation has brought about significant changes in WAT's organisational structure, enabling a more dynamic and responsive approach. In line with the agile management methodology, WAT uses planning, scrum, review, and retrospective tools to ensure valuable business outcomes. These tools are used on a daily basis to closely monitor and coordinate the highest priority tasks. The management team discusses key issues such as sustainability, risk management and compliance in daily scrum meetings. During these meetings, any deviations from targets or risky actions are evaluated through a self-assessment process carried out by the management team. This retrospective analysis enables root causes to be identified, risks and opportunities to be assessed and appropriate actions to be formulated.</p> <p>The Management Daily Scrum supports both the Risk and Sustainability Committees, facilitating effective monitoring and target achievement. For example, discussions and coordination between WAT's Enterprise Risk Management (WERM) and WAT Sustainability Committee (WSC) have resulted in a notable project. This project involves converting electrical energy at EV charging points into renewable energy through investment in solar panels, providing a carbon neutral experience for users. Risks, opportunities, and project planning are carefully monitored.</p> <p>Another exemplary effort is WAT's proactive celebration of World Environment Day, raising awareness among industry stakeholders, local authorities, and the public. Activities are designed to highlight biodiversity, energy efficiency and net-zero targets, with the involvement of the management team. A well-attended event was held at a primary school, focusing on energy efficiency, net-zero targets and biodiversity conservation. It fostered collaboration between local and private authorities, while raising awareness among students. The event included environmental improvements, energy efficiency training, equipment demonstrations and tree planting initiatives.</p> <p>These practices exemplify WAT's commitment to agile management principles, proactive identification of risks and opportunities, and the design and implementation of sustainable projects. Effective coordination and decision-making ensure robust risk management and the integration of sustainability into strategic objectives. It is the joint responsibility of the CFO, COO, Sustainability&HSE Manager and working group leaders to closely follow the agendas of the WRC&WSC meetings. They ensure that key issues requiring coordination and emphasis are brought to the attention of the Executive Team. Among these issues, particular emphasis is placed on climate risks and mitigation planning, as well as the achievement of sustainability climate targets.</p>
Scheduled – all meetings	<p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding strategy</p> <p>Monitoring the implementation of a transition plan</p> <p>Overseeing and guiding scenario analysis</p> <p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing and guiding public policy engagement</p> <p>Overseeing value chain engagement</p> <p>Reviewing and guiding the risk management process</p>	<Not Applicable>	<p>The Executive Committee established a new governance structure in 2022 and established the WAT Sustainability Committee. The Sustainability Committee, chaired by the CFO, together with four working groups under the Sustainability Council, takes responsibility for assessing and managing climate and other ESG-related risks and opportunities at a senior management level.</p> <p>The WSC meets quarterly to assess the company's ESG risks, set strategy, monitor progress against targets and identify needs. Ad-hoc meetings are organised as necessary to ensure smooth operations. The Council meetings are chaired by the Sustainability & HSE CoE Manager and include the heads of the four working groups (Production & Supplier Development Tribe Leader, Production Technology & Supplier Development Tribe Leader, Demand & Supply Tribe Leader, Product & Projects Tribe Leader, and Human Resources Manager). Discussions cover the implementation of sustainability initiatives across the organisation, the assessment of ESG risks and opportunities, and the review of future provisions with climate scenarios.</p> <p>Following the meetings, the issues evaluated, the risks and opportunities identified and updated, and the future provisions are reported. Identified risks and opportunities, including their financial impact, are reported to the Finance, Risk Management & Compliance Directorate, headed by the CFO. The CFO is also responsible for managing the WAT Enterprise Risk Management (WERM) system. The Directorate ensures that the risks communicated by the WSC are integrated into the WERM system. The WERM system classifies all risks and opportunities into six categories: financial, reputational, production, operational, human and legal, and calculates their financial impact.</p> <p>The CFO communicates all risks and opportunities, including their financial impact, to the Board members. The Board members review and assess the risks, evaluate their strategic implications, provide prioritisation perspectives and provide the necessary support to the WAT Risk Committee for the effective implementation of the WERM system. They monitor the company's performance in minimising risks and capitalising on opportunities.</p>
Scheduled – all meetings	<p>Reviewing and guiding annual budgets</p> <p>Reviewing innovation/R&D priorities</p> <p>Overseeing and guiding employee incentives</p> <p>Reviewing and guiding strategy</p> <p>Overseeing the setting of corporate targets</p> <p>Overseeing value chain engagement</p>	<Not Applicable>	<p>The Executive Committee established a new governance structure in 2022 and established the WAT Sustainability Committee. Chaired by the CFO, the Sustainability Committee, together with four Working Groups (WG) under the Sustainability Council, is responsible for assessing and managing climate and other ESG-related risks and opportunities at a senior management level.</p> <p>The Sustainability Working Groups (WG) are responsible for identifying climate risks and opportunities related to their respective activities, setting targets and reporting to the WAT Sustainability Committee on a quarterly basis. To ensure progress, target achievement, risk mitigation and access to opportunities, the WGs hold scheduled monthly meetings.</p> <p>The four working groups are the Sustainable Production WG, the Sustainable Product WG, the Sustainable Supply Chain WG and the Social Sustainability WG.</p> <ul style="list-style-type: none"> - The Sustainable Production WG is responsible for preventing and minimising the environmental impacts of all operational activities, establishing and operating systems to monitor these impacts, ensuring compliance with regulations and standards, and conducting compliance audits. During their monthly meetings, they evaluate these issues together with climate risks, the applicability of green technologies and green chemistry principles within the factory, renewable energy initiatives and energy efficiency. - The Sustainable Product Working Group is tasked with adopting an approach that minimises or eliminates environmental impacts. They look at reducing the use of raw materials, evaluating products made from recycled materials, reducing emissions from the use of metals and plastics, minimising the use of chemicals, and managing environmentally friendly alternatives. They also evaluate increasing the range of energy-efficient motors and establishing a green chemistry structure during their monthly meetings. - The Sustainable Supply Chain WG establishes the necessary governance structure to ensure effective evaluation of suppliers in relation to ESG and to influence the continuation of work with suppliers within defined terms. They review the audits, audit results and supplier development programme plan during their monthly meetings. - The Social Sustainability Working Group focuses on human centred business planning, increasing women's employment, implementing practices to ensure employment continuity, upholding employee rights and equality, improving employee engagement, and evaluating projects and investments that contribute to societal benefits at its monthly meetings.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	<p>In our organisation, two members of the Board of Directors (BoD), the President of the Consumer Durables Group at Koç Holding and the CEO of WAT, have a strong competence in climate change issues.</p> <p>The President of Koç Holding's Consumer Durables Group was appointed by BoD resolution to inform the BoD of sustainability-related risks and opportunities. The same BoD also chairs the Sustainability & Risk Committees, which are regularly updated on climate-related risks, opportunities and the investments required to achieve our company's emissions targets.</p> <p>WAT's CEO is a climate expert with extensive experience and has been a Board member of TÜBİTAK since 2018. They have held key leadership roles in international companies and have an impressive track record. At a time when sustainability awareness was not so widespread, they spearheaded the implementation of pioneering initiatives such as co-generation, absorption chillers and heat pump technologies, earning Turkey its first awards in this field. During their tenure at Arçelik, they played a key role in advancing sustainability efforts. They were instrumental in developing blueprints and successfully launching the Arctic Romania Factory, which received global recognition from the WEF as one of the World's Top 10 Factories for its sustainable practices. Their collaboration with EU universities and consultancies has paved the way for a polar route in the industry, leading to the establishment of a new state-of-the-art factory. As CTO of Arçelik, they have led the design and implementation of highly energy-efficient and innovative products in South Africa and innovative solar-powered and night operable refrigerators in Pakistan, enabling communities to access and maintain hygienic food in areas with challenging energy access. They also actively participate in key industry and research groups, including chairing a working group at TÜSİAD, being a member of a working group at WEF, and chairing the Board of EMOSAD. In 2022, they spoke at the "Eco-Climate Economy and Climate Change Summit" and addressed the effects of climate change. In addition, their mountain climbing experiences, including Kilimanjaro, Elbrus, and Aconcagua, reflect their commitment to taking a stand against global warming and inspire our company's dedication to sustainability and climate action.</p>	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Chief Financial Officer (CFO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Implementing a climate transition plan
Setting climate-related corporate targets
Managing public policy engagement that may impact the climate
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

In 2022, the WAT Executive Committee established the WAT Sustainability Committee (WSC) to oversee sustainability and climate change initiatives. The CFO chairs the WSC and has direct responsibility for these efforts. The CFO, who has expertise in risk assessment and mitigation planning, also leads the Finance, Risk Management & Compliance Directorate. The CFO was appointed by a decision of the Board Members to lead the WSC and to brief the Board Members on sustainability and climate issues.

The CFO actively participates in quarterly WSC meetings focused on climate-related issues. During these meetings, the CFO receives progress reports, new climate risks and opportunities, updates and requirements from the Sustainability Council Leader, the Sustainability & HSE CoE Manager, and the Sustainability Working Groups. In addition, the CFO evaluates climate scenarios to assess the potential impact on the business under different projections.

As the Finance, Risk Management & Compliance Director, the CFO presents risks and opportunities and their financial implications to the Board members. The Board Members assess the risks and opportunities, provide guidance on prioritisation, offer support for identified needs and monitor the company's success in minimising risks and capitalising on opportunities.

Position or committee

Sustainability committee

Climate-related responsibilities of this position

Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Finance - CFO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The WAT Executive Committee implemented a new governance structure in 2022 and established the WAT Sustainability Committee. Chaired by the CFO, the Sustainability Committee oversees and consolidates efforts related to climate change and sustainability strategies. It establishes four working groups, each focusing on critical areas for WAT's sustainability strategy. The Sustainability&HSE CoE Manager coordinates and aligns the activities of these working groups.

The responsibilities of the Sustainability Committee include

- Defining corporate sustainability principles and climate change policy.
- Monitoring and integrating business processes with defined sustainability and climate change policies.
- Assessing and managing business risks and opportunities within the context of sustainability principles and policies.
- Setting sustainability and climate change KPIs and targets.
- Monitor global developments in sustainability and climate change and align business strategies accordingly.
- Promote collaboration with NGOs, public institutions and universities on sustainability and climate change issues.
- Defining and monitoring the strategic framework and decisions of external sustainability assessment and rating tools (e.g. CDP, TFC, sustainability indexes).

The Sustainability Working Groups (WGs) explore and understand climate risks and opportunities, implement integration practices into business processes, and operate processes for governance and coordination. WG leaders are responsible managers and members are experts from different departments. The WGs hold monthly meetings to discuss progress and attend quarterly committee meetings to present progress to the CFO and receive feedback.

The four working groups are

- Sustainable Production: Responsible for preventing and minimising the environmental impact of operational activities, establishing and operating monitoring systems, managing compliance with regulations and standards, and assessing climate risks and opportunities.
- Sustainable Product: Focuses on adopting an approach that minimises or eliminates environmental impacts. This WG evaluates reduced raw material use, products made from recycled materials, reduced emission metal/plastic use, reduced chemical use and evaluates environmentally friendly alternatives. It also aims to establish a green chemical structure.
- Sustainable Supply Chain: Responsible for monitoring suppliers' ESG compliance and ensuring that audit results influence continued supplier relationships. It evaluates audit results and supplier development programme plans during monthly meetings.
- Social Sustainability: Responsible for planning human-centred business strategies, increasing female employment, ensuring continuous employment practices, safeguarding employee rights and equality, improving employee engagement, and evaluating social benefit projects and investments at monthly meetings.

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	<p>At WAT, we promote a sense of responsibility for climate change at every level of our organisational structure and provide our employees with clear objectives and tasks in the fight against climate change.</p> <p>WAT uses the Koç Dialogue System, implemented by Koç Holding, to track these objectives and tasks. This system is based on the OKR methodology, which limits us to a maximum of five 'smart' objectives. From the reporting year, the Board of Directors has decided that at least one of these five objectives (each with four sub-objectives) must be related to ESG issues.</p> <p>Through this system, the achievement of the objectives set by employees during the year is assessed, considering their efforts, agile contributions and alignment with the objectives, even if the results are not achieved.</p> <p>Quarterly reviews and rewards support alignment. Digitalised climate targets are monitored and used to inform performance ratings.</p>

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

All employees

Type of incentive

Monetary reward

Incentive(s)

Promotion

Other, please specify (employee of the quarter recognition)

Performance indicator(s)

Progress towards a climate-related target

Other (please specify) (-Energy management, -Increase energy efficiency by increase production efficiency, -Reduce amount of waste)

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

As WAT, we want to encourage all results, achievements, innovations and suggestions that help to increase the happiness, cohesion, motivation, success and productivity of our employees. We strive to implement and disseminate best practices within the company. In this context, we have introduced "WAT'S HIT STARS" to reward the achievements of our employees.

WAT'S HIT STARS rewards employees for their contributions to climate, sustainability, and environmental issues. In addition to situational rewards on a monthly basis, we recognise outstanding performance and best practice on a quarterly basis. The following are some of the areas in which our employees are rewarded for their work and projects related to climate, sustainability and the environment:

- Contributing to sustainability goals and culture,
- Developing green design projects and proposals,
- Improving environmental processes,
- Achieving energy and environmental targets
- Improve production efficiency,
- Transition to environmentally friendly production technologies and materials,
- Reduce resource consumption,
- Reduce greenhouse gas emissions,
- Raise employee awareness.

We want to encourage sustainability contributions from all successful employees and promote continuity and habit. Employees whose achievements earn them the title of "WAT'S HIT STARS" are rewarded with financial incentives and promotions. In addition, in line with our culture of transparency and to promote best practice and incentives, these achievements are shared with the whole company. Our reward system is clearly defined and communicated to all employees.

While situational rewards are given monthly and are selected within predefined categories by the employee's direct manager, WAT'S HIT STARS awards are recommended by the manager and selected through a calibration process during management coordination meetings.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

As WAT, we are fully aware of the responsibility that comes with our climate, water and sustainability goals. Achieving these targets is central to our business and sustainability culture, and we value the contributions of all stakeholders, especially our employees. We carefully evaluate all impacts, large and small, that contribute to our goals.

Through our WAT'S HIT STARS programme, we recognise and reward all employees who have achieved success in climate, water and sustainability. The results of all good practices are assessed based on their contribution to our climate change and sustainability efforts, as well as their impact on our environmental metrics.

To illustrate our rewarding efforts, let's look at some examples. All practices that reduce resource consumption, minimise waste and prevent waste generation in production are eligible for recognition. One such project was implemented in 2022 in our motor production area, where a project improved the technical yield of a fully automatic winding machine for stator production. This improvement resulted in a 20% reduction in copper wire consumption, reduced waste wire in all related products, and improved scrap rates and material metrics. The employee who proposed the idea and the project team were rewarded, and the achievement was publicised within the company.

Another example of rewarding effort is the optimisation of machine maintenance processes to minimise oil leaks and prevent hazardous waste generation. In addition to major improvement projects, small contributions and suggestions are also considered in the reward process, as contributions to environmental goals, especially climate goals, cannot be ignored.

A third example is achieving process efficiency and reducing energy intensity. Projects and ideas that improve energy efficiency through insulation, energy-efficient motors and the use of low-VOC paints have been rewarded in 2022 because they contribute to our emissions reduction targets.

We believe that recognising and rewarding these efforts plays a crucial role in promoting a culture of sustainability within our organisation and further motivating our employees and stakeholders to actively contribute to our climate and sustainability goals.

Entitled to incentive

All employees

Type of incentive

Non-monetary reward

Incentive(s)

Internal company award

Performance indicator(s)

Other (please specify) (-Employee awareness, -Ecosystem protection)

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

Since our establishment in 2018, and throughout our time operating under Arçelik, we have been committed to helping our employees reduce their negative impact on the environment in their personal lives. One of our initiatives, "The Natural Way to Dispose of Oils", focuses on the collection and recycling of waste vegetable oils. Through this campaign, we educate our employees about the environmental damage that can be caused by disposing of used vegetable oils in the rubbish or down the drain at home. Instead, we encourage them to bring their waste oils to the factory for proper storage and 100% recycling. For every 2.5 liters of waste oil they bring in, they are rewarded with a new 1-liter oil bottle.

At the end of the year, we organise a ceremony to highlight and recognise the employees who took part in the campaign, with our Executive Members and Sustainability & HSE Manager in attendance. We also share pictures of the ceremony with all employees to raise awareness and promote good practice.

We also run campaigns to collect used batteries, medicines and other items that are not easy to dispose of or recycle at home. Establishing and participating in environmental and social clubs for activities such as tree planting and community involvement are other examples of our efforts.

Taken together, these initiatives demonstrate our commitment to creating a more environmentally aware workforce and fostering a culture of sustainability both in the workplace and in our employees' personal lives.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

As WAT, we recognise that awareness is our most powerful weapon in combating climate change, and we strive to create value together with our employees. In this context, we see our project to collect and recycle used cooking oil as a significant contribution to global climate goals and biodiversity.

In the year to date, we have collected 750 litres of used cooking oil, and we consider every drop to be our contribution. To demonstrate that the impact of their participation goes beyond what meets the eye, we present our participating employees with a certificate of participation and a specially prepared gift of usable cooking oil at a special ceremony.

Entitled to incentive

Chief Operating Officer (COO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target

Energy efficiency improvement

Reduction in total energy consumption

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

In assessing the OKRs through our Koc dialogue system, the Chief Operating Officer (COO) has identified smart goals and sub-goals on the climate change scorecard that aim to contribute to global climate change targets and achieve WAT's climate change goals. The following are the key areas included in the COO's scorecard:

- Achieving growth in the renewable energy sector.
- Engage in activities that highlight WAT's sustainability journey and approach to climate change.
- Ensure the integration of the sustainability strategy into our business operations and systems.

During the target setting phase and quarterly review periods, management coordination meetings ensure commitment, alignment and agreement on strategic aspects. Some objectives are assigned individually, some relate to personal development and others are selected collectively. Both individual and team contributions are considered when assessing successful outcomes, which also influences the reward process.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The OKRs set by our COO support our sustainability journey and transition plan for climate change. For example, our highly energy-efficient motors for the renewable energy sector help to reduce emissions during use, and our support for the use of green energy positions us as a prominent player in the industry.

Entitled to incentive

Other, please specify (Production&Supplier Development Tribe Leader)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target
Implementation of an emissions reduction initiative
Energy efficiency improvement
Reduction in total energy consumption

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

In assessing OKRs through our Koc Dialogue system, the Production & Supplier Development Tribe Leader's Scorecard reflects a focus on combating climate change, and achieving global and WAT climate targets through the following key objectives:

- Meeting the targets set by the Sustainable Production Working Group, including process water consumption, energy efficiency and emissions reduction,
- Reducing the rate of industrial solid waste,
- Reduce the scrap rate.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Our Production & Supplier Development Tribe Leader is responsible for leading the Sustainable Production Working Group under the WAT Sustainability Committee. During the last quarter of the year, targets were set for the Group for 2023. These targets include improving production efficiency, reducing energy intensity, improving energy efficiency and minimising waste. Achieving these targets will provide opportunities to reduce Scope 1-2-3 emissions, bringing us closer to our climate targets.

Entitled to incentive

Other, please specify (Product&Projects Tribe Leader)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target
Increased investment in low-carbon R&D
Increased share of revenue from low-carbon products or services in product or service portfolio

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

In assessing OKRs through our Koc Dialog System, the Product & Projects Tribe Leader's Scorecard demonstrates a strong commitment to tackling climate change, and meeting global and WAT climate targets, with the following key objectives

- Achieving the goals of the Sustainable Product Working Group, which include environmentally responsible product design and 'fit-for-55' compliance.
- Increase the use of recyclable materials in products and packaging.
- Achieve a positive environmental impact through improvements in materials, packaging and alternative components.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Our Product & Projects Tribe Leader leads the Sustainable Products Working Group, one of four working groups under the WAT Sustainability Committee. During the last quarter of the year, targets were set for the Group up to 2023. These targets include increasing the production volume of IE3 and IE4 efficient motors, increasing the content of recycled or recyclable materials and transitioning to more environmentally friendly chemicals. Achieving these targets will help reduce Scope 3 emissions associated with raw material sourcing and product use, thereby supporting WAT's efforts to mitigate climate change.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	The short-term is defined as a time horizon of 0-3 years in the context of climate-related risks and opportunities in WAT. WAT aims to rapidly improve its sustainability performance by focusing on short-term goals that are aligned with the global 2030 targets. Our priorities during this period include increasing energy efficiency, reducing carbon emissions and optimising waste management processes. We plan to further improve energy sustainability by increasing investment in renewable energy sources, thereby contributing to global efforts to combat climate change.
Medium-term	3	7	The mid-term is defined as a 3-7 year time horizon in the context of climate-related risks and opportunities in WAT. In the medium term, from 2030 to 2050, our goals are aligned with global goals for a sustainable future. We aim to transform our business processes to be fully aligned with sustainability principles and improve sustainability performance throughout our supply chain. By embracing green design and circular economy principles, we will minimise our environmental impact and contribute to the achievement of global sustainability goals.
Long-term	7	20	The long-term is defined as a 7-20 year time horizon in the context of climate-related risks and opportunities in WAT. Looking to 2050, our long-term goals are focused on becoming a sustainability leader and making a significant positive impact. We are committed to achieving net-zero emissions and supporting the energy transition by relying heavily on renewable energy sources. We will also develop a range of sustainability awareness and education projects, contributing to the global effort to create a more sustainable and resilient future. Throughout these goals, we will continuously monitor and evaluate our performance to ensure progress. We recognise the importance of working in partnership with our suppliers, customers, and stakeholders to achieve our sustainability goals and contribute to the global agenda for a sustainable world.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

WAT's Enterprise Risk Management (WERM) system ensures that all issues that could affect the company's operations are addressed as risks and opportunities, supporting the execution of the company's goals and strategies. The WERM system effectively manages and integrates risks into all business processes using various methodologies and best practices, with the ISO 31000 risk management standard as a fundamental reference. The primary objective of risk management is to anticipate, identify, manage, monitor, and proactively plan for potential risks that could impact the business, aligning them with our business strategies and objectives. The Finance, Risk & Management & Compliance department has been established to manage the WERM system effectively.

To facilitate the effective management of the various risks and opportunities, the WAT Risk Committee (WRC) has been formed, chaired by the CFO, with the participation of relevant managers, departmental representatives, management system officers and business development experts. The WRC meets quarterly to review and assess risks, update as necessary, identify risk mitigation needs and expectations, and take the necessary actions. Risks and opportunities, together with their financial impact assessments, are reported to the CFO on a quarterly basis. The CFO reviews the assessed risks, determines their 'material impact' and presents them to the members of the Board of Directors. Based on the strategic outcomes and the assessment of risks and opportunities, the Board members guide the management of the company, supporting its efforts and providing resources to effectively mitigate risks and capitalise on opportunities.

All climate-related risks and opportunities are identified, assessed, and managed by the WAT Sustainability Committee (WSC). Risks are thoroughly defined with their likelihood, potential impact on profitability and mitigation plans. The WSC reports the identified and updated climate risks and opportunities to the Finance, Risk Management & Compliance department, which is responsible for integrating climate risks into the WERM system. In identifying climate risks and opportunities, the WSC takes stakeholder concerns into account.

Within the WERM, risks and opportunities are categorised into six groups: financial, reputational, production, operational, human and legal. Climate risks are specifically assessed across all categories with detailed analysis. The risk identification process includes analysis of causes and impacts, followed by identification of controls and implementation of measures to reduce impact and likelihood. Risks and opportunities are scored on a scale of 1 to 5, considering their financial, reputational, production, operational, human and legal impact, with the maximum score defined as an impact point. Assessments are based on impact and frequency criteria, with both risks and opportunities scored on a scale of 1 to 5. Prioritisation is achieved by multiplying frequency (F) and impact point (I) to score risk (R) and opportunity (O) points ($R, O = F * I$).

WAT calculates the financial and strategic impact of its risks and considers any financial risk event or financial opportunity that could result in a potential loss/gain of more than 5% of net assets as "substantial impact", requiring immediate and specific attention. In addition, not all risks and opportunities can be quantified, so qualitative criteria are used to classify them. For example, risks that could potentially damage the company's reputation (e.g. human rights, environmental policy) are considered unacceptable and are elevated to the "substantial impact" level for prioritisation.

Recognising that climate change is a global issue, WAT includes long-term low-carbon and high-efficiency product solutions as part of its strategic planning process. Therefore, similar to risk assessment, WAT assesses its opportunities and sets targets to achieve those with 'material impact'.

Risk management activities also focus on raising risk awareness among employees and encouraging them to think about and report potential risks through the risk suggestion scheme. Corporate risk management raises awareness of climate change, promotes occupational health and safety practices and embeds WAT's corporate culture.

To assess all climate-related operational, physical, and strategic risks, WAT conducts on-site audits by both internal and external integrated systems (ISO14001 & ISO50001 & ISO14064-1) audit specialists.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

WAT's Enterprise Risk Management (WERM) system ensures that all issues that could affect the company's operations are addressed as risks and opportunities, supporting the execution of the company's goals and strategies. The WERM system effectively manages and integrates risks into all business processes using various methodologies and best practices, with the ISO 31000 risk management standard as a fundamental reference. The primary objective of risk management is to anticipate, identify, manage, monitor, and proactively plan for potential risks that could impact the business, aligning them with our business strategies and objectives. The Finance, Risk & Management & Compliance department has been established to manage the WERM system effectively.

To facilitate the effective management of the various risks and opportunities, the WAT Risk Committee (WRC) has been formed, chaired by the CFO, with the participation of relevant managers, departmental representatives, management system officers and business development experts. The WRC meets quarterly to review and assess risks, update as necessary, identify risk mitigation needs and expectations, and take the necessary actions. Risks and opportunities, together with their financial impact assessments, are reported to the CFO on a quarterly basis. The CFO reviews the assessed risks, determines their substantive impact and presents them to the members of the Board of Directors. Based on the strategic outcomes and the assessment of risks and opportunities, the Board members guide the management of the company, supporting its efforts and providing resources to effectively mitigate risks and capitalise on opportunities. Crisis meetings are convened in the event of agenda changes or urgent needs. The CFO regularly informs the CEO and, as the Chairman of the Risk Committee appointed by the Board of Directors, provides the President of Koç Holding Durable Goods Group with relevant information regarding the company's risk management.

The members of the WRC are responsible for developing proactive solutions to address and integrate risks and opportunities into business processes. On the other hand, the respective department heads are responsible for ensuring that risks are under control and opportunities are evaluated and monitored.

All climate-related risks and opportunities are identified, assessed, and managed by the WAT Sustainability Committee (WSC). Risks are thoroughly defined with their likelihood, potential impact on profitability and mitigation plans. The WSC reports the identified and updated climate risks and opportunities to the Finance, Risk Management & Compliance department, which is responsible for integrating climate risks into the WERM system. In identifying climate risks and opportunities, the WSC considers stakeholder concerns.

The WSC is responsible for defining and evaluating climate crisis policies and strategies. These policies and strategies provide roadmaps and perspectives to minimise climate risks, actively develop solutions to eliminate potential impacts of climate change and implement them.

WAT is considered an environmentally friendly company in terms of its existence and strategy. As a result, responsibilities, risks and opportunities are addressed holistically. By producing highly energy-efficient motors, WAT contributes to reducing the energy consumption of companies, which in turn reduces global greenhouse gas emissions. The increased production of energy-efficient motors contributes to a downward trend in the assessment of climate risks. In the reporting year, although there was a 4.62% increase in motor kWh production compared to the previous year, the use phase carbon footprint of motors sold in 2021 was reduced by 7.54% in 2022, which translates into a saving of approximately 3,972,184,141 tonnes of equivalent carbon emissions.

The R&D department is dedicated to innovative and creative work to design motors with superior efficiency beyond the regulations. Their vision and competent engineering skills drive the creation of the most competitive products in the industry. WAT is the first manufacturer in the sector to offer a complete range of IE4 (super premium efficiency) motors. Annual targets and new product platforms (QN) have been introduced to increase the share of these products and to achieve more compact, higher power density with less material in their production. The Rakun, other mobility products and EV Charger businesses complement each other, creating a holistic ecosystem.

WAT also conducts industry visits to raise awareness of the positive financial and climate-related outcomes of energy efficiency, with the aim of raising public awareness of carbon emissions and their impact.

In addition to producing electric motors used in irrigation systems, WAT designs efficient motors that support irrigation and drainage systems with environmentally friendly solutions that are high performance, energy efficient, low vibration and require minimal maintenance. Their affordable motors help to improve agricultural irrigation and minimise global water risks.

WAT dedicates R&D resources to improving the reusability of motor parts, developing common parts that can be used in different models, thereby extending the useful life of these components and products. Its compact motors reduce waste at the end of the product life cycle. Electric motors with a recycling potential of 97% are returned to the economy at the end of their useful life. By providing these opportunities in its products, WAT is leading the efficiency transformation project in the sector and developing collaborations to increase the contribution of circular economy practices. The Efficient Motor Transformation Project replaces motors with a 97% recyclability rate and reuses, recycles or returns 100% of the old motors to the economy. The project aims to replace the most energy-intensive industrial electric motors with the most efficient ones, thereby achieving significant energy savings and reducing carbon emissions, contributing to global carbon targets. The project was presented to over 500 companies, of which 70 were visited to assess feasibility. As a result, 495 motors have been replaced, saving a total of 2,776,824 kWh of energy and avoiding 1,161 tonnes of CO2 equivalent emissions.

At WAT, we calculate the emissions caused by the use phase of our products according to the ISO 14064-1 standard and ensure that they are independently verified by accredited institutions within the scope of Scope 3 emissions.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term
Long-term

Description of process

At WAT, we strive to create value for all stakeholders in our supply chain, including suppliers, by assessing their environmental and social performance, as well as their energy and climate change performance. We continue to collect data from our suppliers to measure and manage the impact of their operations. As part of our Supplier Sustainability Data Monitoring and Improvement Programme, we engage an external company to conduct sustainability risk assessments for all our suppliers. Before being approved, all suppliers undergo an evaluation and approval process for their ESG (Environmental, Social and Governance) status. Suppliers that represent at least 50% of our purchasing volume and have a significant impact on our operations are considered critical and undergo further analysis, including risk assessments, ESG scoring and sustainability index evaluations. These surveys and advanced analyses are conducted to ensure 100% compliance, continuity of product and material sourcing, and to improve both our sustainability goals and our suppliers' performance.

At WAT, our supplier contracts prioritise quality, ethics and environmental considerations. We conduct self-assessment audits to ensure that our suppliers are aligned with our principles. Our extensive network includes 222 suppliers (tier 1 and tier 2) in 18 countries. Sustainability risk assessments for our suppliers are carried out by an independent third party. As part of our data monitoring and improvement project with Arçelik, we focus on critical suppliers that have a significant impact on our operations. In 2022, we identified 58 critical suppliers, representing 26% of our total suppliers and accounting for 77% of our purchasing volume. We currently collect data from 40 suppliers to manage their impact on our operations and the environment. We encourage reporting of water-related data to promote responsible water management throughout our supply chain. Of the evaluated suppliers, 58 have been assessed for their ESG status and sustainability index. In addition, 47 suppliers have implemented ISO 14001 systems and 32 have implemented ISO 50001 systems. We have developed a comprehensive action plan to improve their compliance.

We recognise that decarbonising our supply chain is critical to meeting our climate commitments. We have therefore started the process of obtaining long-term environmental commitments from our suppliers to set targets for greenhouse gas emissions, water, waste and energy efficiency from 2022.

Our risk management processes, sustainable supplier indices, supplier audits, communication initiatives and supplier training efforts all contribute to making our sourcing operations sustainable and aligned with our environmental and social goals.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Ensuring 100% compliance with existing national and international regulations is always one of WAT's top priorities. The WAT Enterprise Risk Management (WERM) system carries out assessments in six categories to evaluate identified risks and opportunities. One of these categories is 'Legal Impact', which assesses the compliance impact of risks and opportunities. Another category is 'reputational impact'. WAT considers any non-compliance to be a reputational risk, showing the high level of sensitivity to risk.</p> <p>To assess national and international regulations, the relevant departments carry out their respective work (e.g. the Sustainability & HSE department ensures 100% compliance with local environmental regulations). Regulatory managers actively assess risks related to regulatory requirements.</p> <p>The WAT Risk Committee (WRC), chaired by the CFO, has been established to ensure the effective operation of the WAT system. This committee regularly reviews identified risks and emerging needs, integrating risks related to relevant regulations applicable to WAT into the detailed review within the WERM system.</p> <p>The WRC meets quarterly to closely monitor all risks, including regulatory risks.</p> <p>As an electric motor manufacturer, WAT also ensures 100% compliance with the Ecodesign Directive. The Ecodesign Directive sets eco-design rules for electric motors and variable speed drives and is mandatory for all manufacturers and suppliers wishing to sell their products in the EU. Regulation (EU) 2019/1781 on electric motors and variable speed drives will replace the Ecodesign Directive (EC) 640/2009 from 1 July 2021. The new regulation has a wider scope and covers single speed induction motors with 50Hz, 60Hz or 50/60Hz, -with 2 to 8 poles -single-phase or three-phase -rated output between 0.12kW and 1000kW, -rated voltage from 50V to 1000V, and -rated on the basis of continuous operation and direct on-line operation.</p> <p>The regulation will be implemented in two stages, with the second stage extending the scope and increasing the requirements for motors on 1 July 2023.</p>
Emerging regulation	Relevant, always included	<p>As part of Turkey's commitment to combat climate change, the country submitted its Nationally Determined Contribution (NDC) to the UN Secretary-General in 2015, pledging to reduce emissions growth by 21% by 2030. As a signatory to the Paris Agreement, Turkey has updated its NDC to further strengthen its efforts. In this communication, Turkey confirms its ambitious target to reduce greenhouse gas (GHG) emissions by 41% by 2030 (equivalent to 695 Mt CO2eq in 2030) compared to a Business-as-Usual (BaU) scenario, with 2012 as the base year (reference year). The revised NDC includes comprehensive mitigation and adaptation measures across different sectors, considering the means of implementation. In addition, Turkey aims to peak emissions by 2038 at the latest, demonstrating a significant increase in ambition based on science and equity, in line with the long-term goal of achieving net zero by 2053.</p> <p>The "Republic of Turkey Updated First Nationally Determined Contribution" report outlines specific mitigation and adaptation actions for different sectors. For the industrial sector, key policies include reducing the carbon footprint of industrial products, increasing the use of renewable energy, and improving resource and energy efficiency. The report also highlights the importance of implementing 'green growth technology roadmaps' for carbon-intensive industries such as iron and steel, aluminium, cement, chemicals, plastics and fertilisers. While WAT recognises the need for these sector-specific targets, it also acknowledges the challenges of defining clear and quantifiable targets for each sector, which leads to uncertainty in cost estimates.</p> <p>As part of WAT's commitment to reducing emissions, the company proactively identifies and addresses potential risks and opportunities. To reduce Scope 2 emissions, WAT is actively involved in the development and implementation of energy efficiency projects. As a result of projects implemented since 2021, WAT has successfully reduced emissions by 204.6 tonnes CO2eq. The company continues to work diligently on projects that focus on process improvement, increased efficiency and the use of environmentally friendly materials, with the ultimate goal of reducing both direct and indirect emissions.</p>

	Relevance & inclusion	Please explain
Technology	Relevant, always included	<p>WAT's existence and strategy revolve around being a manufacturer for the future and enabling the industry's transformation towards sustainability. The company has integrated sustainability into all its business processes and focuses on producing environmentally friendly designs that result in highly efficient products. This approach enables users to manage their greenhouse gas emissions by using energy-saving products, thereby contributing to solving the global climate crisis with next-generation technologies. As a result, WAT views technology development and climate change as opportunities rather than risks.</p> <p>With regard to electric motors and variable speed drives, WAT complies with the ecodesign rules of the Ecodesign Regulation (EU) 2019/1781, which will be mandatory for all manufacturers and suppliers selling their products in the EU from 1 July 2021. By producing motors that exceed the required efficiency levels, WAT offers its customers access to energy efficiency and supports efforts to minimise global carbon emissions, contributing to a sustainable future.</p> <p>In addition, WAT is also affected by the ongoing global shift to electric vehicles. Charging infrastructure is a key decision criterion for users and organisations switching to electric vehicles. Therefore, a feasibility study was initiated with the participation of various stakeholders to evaluate charging solutions. The study emphasised the importance of an end-to-end solution for service and technology infrastructure and proposed the establishment of a common infrastructure, which was approved by management. As a result, WAT was commissioned to work on this issue from 2022.</p> <p>In line with its organisational structure, WAT has developed and implemented a business plan for the procurement and production of charging equipment, the management of software platforms and investments in charging networks. By the end of 2022, WAT will have prepared and activated production lines for EV chargers and become a company that manufactures domestic EV chargers in Turkey. To manage the installation and network consolidation processes of the chargers it produces, WAT has established WAT Mobility as a joint venture with a 51% shareholding. This joint venture was established in collaboration with Koç Holding companies; Opet, Otokoç and Entek, as they are expected to be the most affected by the developments in the sector.</p>
Legal	Relevant, always included	<p>WAT, which is 100% compliant with the law, undertakes extensive efforts to ensure that its operations are fully compliant with the law. Within the WAT Enterprise Risk Management (WERM) system, risks and opportunities are evaluated in six categories, one of which is "Legal Impact", where the impact of compliance-related factors is assessed. As part of the Koç Group, WAT follows a solid foundation of processes with a high level of sensitivity to legal compliance, a practice that has been maintained for many years. Another category is "Reputational Impact", where WAT considers any non-compliance as a reputational risk, leading to a very cautious approach to all risks.</p> <p>The relevant departments at WAT carry out evaluations of national and international regulations. Regulatory officers actively assess risks related to legal requirements. For example, to achieve 100% compliance with local environmental legislation, the Sustainability Department assesses the risks and opportunities related to all significant environmental aspects, including climate. Regulatory risks are also discussed in detail at the quarterly meetings of the WAT Risk Committee (WRC), chaired by the CFO, to ensure their integration into the WERM system.</p> <p>The monitoring of legal compliance is also considered in the management system standards. For example, WAT's production facility operates according to the ISO 14001 standard, which identifies risks and opportunities related to all significant environmental dimensions, including climate. Internal and external (legal) stakeholders, issues and requirements are reviewed and assessed at least twice a year, and continuous improvements are made. If legal risks change, measures are taken to minimise them and the revised risks are presented to the Risk Committee for enterprise risk assessment.</p> <p>Similarly, WAT implements the management system standards ISO 9001, ISO 50001 and ISO 45001, within which legal risks are comprehensively assessed.</p>
Market	Relevant, always included	<p>Market risks are managed by WAT Enterprise Risk Management (WERM). WAT aligns its activities to support climate change efforts and turn its actions into opportunities. Raising awareness of climate change issues and emphasising energy efficiency increases the attractiveness of WAT's highly energy-efficient products and provides an opportunity for widespread adoption of energy-saving technologies.</p> <p>In order to achieve the country's climate targets and combat the global climate crisis, WAT has initiated the 'Replacement of Inefficient Motors with Efficient Ones in Industries' project. The 'Motor Transformation Project' aims to contribute to Turkey's climate targets by replacing low energy efficient motors used in industry with high energy efficient ones.</p> <p>The project includes</p> <ul style="list-style-type: none"> - Raising awareness of the importance of electric motors in carbon management and the fact that motors account for 70% of total industrial electricity consumption. - Achieve significant carbon reductions by reducing energy consumption through the use of motors. - Provide technical support and accessible conditions for motor conversion to industrialists. - Implementing a waste management model that allows 97% of obsolete motors to be recycled into the circular economy. <p>According to a study conducted by the Ministry of Industry and Technology of the Republic of Turkey, there are currently 3,783,694 inefficient motors (as of 2017) in use in industries with a power rating of 7.5 kW and above, representing a potential to save 33.7 million MWh of electricity. WAT is actively supporting industries in this campaign by providing feasibility assessments and facilitating the retrofit of these identified motors. Even with a conservative 1% impact, the campaign could lead to the replacement of 38,000 motors, resulting in significant energy savings and reduced carbon emissions. As part of the project, WAT has already replaced 495 motors, resulting in a total energy saving of 2,776,824 kWh and a reduction of 1,161 tonnes of CO2 emissions. This achievement is seen as a significant opportunity for WAT.</p> <p>However, variable energy costs can affect customer sales in motor retrofits, creating risks in the project and retrofit processes.</p>
Reputation	Relevant, always included	<p>WAT actively manages market risks through its WAT Enterprise Risk Management (WERM) programme. WAT is committed to supporting the fight against climate change and turning its actions into opportunities. Raising awareness about reducing the factors that contribute to climate change and promoting energy efficiency highlights the appeal of WAT's highly energy-efficient products, making the widespread adoption of energy-saving technologies an opportunity.</p> <p>In order to contribute to Turkey's climate targets and address the global climate crisis, WAT has initiated the "Replacement of Inefficient Motors in Industries" project. This project aims to replace low energy efficient motors used in industries with high energy efficient motors, thereby making a significant contribution to Turkey's climate goals. The project includes</p> <ul style="list-style-type: none"> - Spreading knowledge and awareness about the importance of energy consumption in carbon management, the importance of electric motors in energy management, and the fact that 70% of the total electricity consumption in industries comes from motors. - Achieve significant carbon reduction gains by reducing energy consumption through the use of motors. - Provide technical support and accessible conditions for industrialists to replace motors. - Presenting a waste management model for disused motors with 97% recycling potential to promote the circular economy. <p>According to a study conducted by the Ministry of Industry and Technology of the Republic of Turkey, as of 2017, there were approximately 3,783,694 inefficient motors with a power of 7.5 kW and above used in industries, with a potential electricity energy saving of 33.7 million MWh. WAT supports industry by providing feasibility assistance for the retrofitting of identified motors.</p> <p>Notably, even if WAT only impacts 1% of these motors, 38,000 motors will be replaced, resulting in significant energy savings and carbon emission reductions. Through the project, WAT has replaced 495 motors, resulting in a total energy saving of 2,776,824 kWh and avoiding 1,161 tonnes of CO2 emissions. This is seen as an opportunity for WAT. However, it is important to recognise that variable energy costs can affect customer sales during motor replacement, creating risks during the project and transformation processes.</p>
Acute physical	Relevant, always included	<p>Climate change's most prominent effects include sudden and severe weather events, such as above-average rainfall, floods, droughts, and subsequent changes in ecosystems leading to species extinction. Globally, much more extreme and variable weather conditions are anticipated. WAT takes climate change-related developments, including all natural disasters, into account and includes them in the WAT Enterprise Risk Management (WERM) system. These situations are defined in the 'Emergency Action Plan'.</p> <p>WAT's production facility is located in an area with the potential to be affected by flash floods due to sudden heavy rainfall. To reduce this impact, infrastructure and superstructure systems are being developed.</p> <p>For all emergency situations, including earthquakes and others, actions are being taken, which may increase operational costs. As a member of the Koç Group, WAT follows the principle of always supporting its employees and their relatives who are affected by natural disasters.</p> <p>Addressing the risks and potential impacts of climate change on natural disasters is an essential step in becoming a resilient and sustainable organisation. By including these scenarios in their risk management system, WAT can better prepare and respond to such events, ensuring the safety of their employees and minimising the operational and financial consequences of natural disasters. As climate change continues to affect the world, it is crucial for organisations to be proactive in assessing and managing these risks to contribute to a more sustainable future.</p>

	Relevance & inclusion	Please explain
Chronic physical	Relevant, always included	<p>Unfortunately, the chronic effects of climate change are increasing in many parts of the world. Examples include drought, species extinction, the spread of invasive species, and disruptions to ecosystems. Climate scenarios based on a 2°C global temperature increase show that these effects will continue to intensify. In the Mediterranean Basin, which includes Turkey, a 2°C global temperature increase will result in warmer climates, extensive aridity, and changes in weather patterns. In specific regions of Turkey, which are far from the mitigating influence of the sea, temperature increases may even reach up to 5°C.</p> <p>In light of these scenarios, we are particularly concerned about the risk of drought. To assess this risk, we use the World Resources Institute's Aqueduct global water risk tool to evaluate the level of baseline water stress in the local watersheds surrounding our facilities. As a result, we have identified that the north-western part of the Republic of Turkey is at risk of water scarcity. To manage this risk, we conduct our production processes with 100% closed-loop water systems, minimising water usage.</p> <p>These measures play a crucial role in addressing climate change and ensuring the sustainability of water resources. Effectively conserving water resources is vital for the continued operation of industries in regions experiencing water stress.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

1. Flood Risks:

- The occurrence of floods is influenced by various factors such as geomorphology, hydrography, climate, soil and vegetation characteristics, urbanisation, building structures and hard surfaces.
- WAT assesses flood risk through specific hydro-morphometric analyses tailored to the Ergene River Basin (a commonly used method to determine river and morphological characteristics).
- The WAT site has a Flood Sensitivity score of 62/100, indicating a "very low" flood sensitivity, indicating a very low probability of flooding.
- In addition, WAT uses the World Resources Institute's Aqueduct tool to assess 'Riverine Flood Risk' and 'Coastal Flood Risk', both of which are considered 'Low' for the region.

2. Point Source Flood Risks:

- WAT also assesses the risk of localised flooding, which can occur if the region's and factory's infrastructure and superstructure systems are inadequate.
- In the last 5 years, WAT has experienced one incident of internal flooding at the factory. This was due to inadequate rainwater collection systems on the roof during peak rainfall, resulting in minor water accumulation (not exceeding 100mm) at certain locations within the factory.
- Immediate action was taken to divert the rainwater to the appropriate drainage systems, preventing any significant damage. Permanent solutions were then implemented to prevent the recurrence of such incidents.

These assessments and actions are helping WAT to manage and mitigate the risks associated with flooding and ensure that the company is better prepared for extreme weather events.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

3140000

Explanation of financial impact figure

As stated in the risk description, the WAT factory is not likely to experience a flood disaster that would significantly affect the local community. However, due to inadequate infrastructure, the sudden overflow of the drainage system during heavy rainfall may result in rainwater entering the factory premises through the roof. In such cases, production is stopped to drain the water from the factory floor, and production can only resume once the water has been drained. During this process, machinery and equipment raised above ground level are not damaged. The maximum estimated time to resolve such a situation, based on calculations considering the maximum possible rainfall according to the Turkish Meteorology Ministry, is three hours. The cost of a three-hour production stoppage was calculated for WAT. The revenue from unsold motors during this downtime is considered a risk. To be on the safe side, a 'fixed multiplier' was also applied to the calculated cost to consider rising temperatures and extreme weather events associated with climate change.

Cost of response to risk

3750000

Description of response and explanation of cost calculation

The current system can cope with average rainfall but causes overflows during heavy rainfall. By revising and improving the infrastructure and superstructure systems, this risk can be eliminated. Feasibility studies have therefore been carried out for roof revisions and investment in rainwater collection piping. These improvements will be phased in as part of the long-term plan. Even with the increased rainwater capacity from these improvements, overflows can be prevented. In addition, WAT has a long-term plan for a solar energy project. With approximately 45,000 m2 of covered area, WAT plans to install solar panels on its roof to generate green electricity for the factory. However, the first step in this project is to strengthen and overhaul the roof. Expansion of the rainwater collection pipes and coordination of the roof renovation with long-term plans are under consideration. The estimated cost of the roof renovation is approximately 3.5 million Euros (77,175,000 TL)

Comment

When WAT assesses the risk of flooding at its factory, it is clear that the likelihood of a significant flood disaster affecting the local community is low. However, the potential damage caused by inadequate infrastructure during heavy rainfall is a concern that WAT takes seriously. The company's proactive approach in conducting hydro-morphometric analyses specific to the Ergene River Basin and using WRI's Aqueduct flood risk assessment tool demonstrates its commitment to addressing potential risks.

The financial impact calculations show that a 3-hour production stoppage due to flooding would result in some loss of revenue from unsold motors. The application of a specified multiplier to account for climate change scenarios and extreme weather events adds a prudent layer of protection to the risk assessment. WAT's consideration of long-term plans, such as the solar energy project, is commendable as it is in line with sustainable practices and addresses energy needs with green solutions.

The proposed investment in roof refurbishment and rainwater harvesting systems will not only reduce flood risk but also contribute to the company's environmental objectives. However, it is essential that WAT carefully evaluates the costs and benefits of the roof refurbishment project to ensure that it is in line with the overall financial strategy.

In summary, WAT's efforts in risk assessment and proactive measures to manage potential flood risks demonstrate a commitment to sustainability and responsible business practices. By aligning investment in infrastructure improvements with its long-term goals, WAT can effectively safeguard its operations while contributing to a greener and more resilient future.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Water scarcity
------------------	----------------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

WAT places great emphasis on value creation in its supply chain as a key element of its sustainability journey. The company conducts environmental and social audits of its suppliers and acts based on the audit results. As of 2022, approximately 84% of WAT's financial volume comes from approved suppliers, while the remaining 16% includes minor discrepancies that require action from existing suppliers. It is worth noting that any ethical or legal issues identified with suppliers will result in the termination of the relationship.

WAT recognises the potential impact of water scarcity on its supply chain and overall business continuity. To assess and manage this risk, the company analyses its suppliers' locations using the World Resources Institute's global water risk tool, Aqueduct. Suppliers responsible for 94% of WAT's financial volume are classified as high risk (indicator score 3-4) for water stress, while the remainder fall into the medium risk category (indicator score 2-3). The physical risk quantity measures the risk associated with insufficient or excess water by aggregating indicators from the physical risk quantity category. Higher values indicate higher water quantity risks.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

129241621

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The effects of climate change have a global impact and affect various aspects of production. WAT recognises that while it may not be directly affected by water scarcity, the risk may manifest itself through its suppliers. The financial impact calculation considers the potential risk of 40% of high-risk suppliers experiencing water resource depletion (high risk potential: 40-80% decrease in water resources). The calculation considers the cost difference between current materials sourced from affected suppliers and alternative suppliers, considering potential availability issues. WAT's proactive approach to finding alternative suppliers aims to minimise the financial impact of any disruption.

Cost of response to risk

60000000

Description of response and explanation of cost calculation

WAT's supply chain operations are managed by dedicated teams focused on the sustainability of materials and processes. These teams regularly monitor and develop the supplier base, responding to supply chain constraints with actions such as building buffer stocks, approving new suppliers, and adjusting supplier splits. WAT also offers support services to improve suppliers' capabilities, conducting audits and providing training on topics such as GHG emissions calculation.

To ensure production sustainability, WAT never relies solely on single-source suppliers. The company employs robust planning and advanced inventory management to mitigate risks effectively. By promoting flexibility and continuous improvement, WAT actively works to minimise the impact of any potential process disruptions faced by its suppliers.

Comment

WAT's approach to managing water scarcity risks in its supply chain is commendable. The company's focus on sustainability, ethical practices, and resilience through supplier development and collaboration showcases a proactive and responsible approach to global challenges. By fostering strong relationships with its suppliers and continuously seeking alternatives, WAT is well-prepared to address water scarcity risks and maintain its commitment to sustainability in the long term.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The Carbon Border Adjustment Mechanism (CBAM) is part of the "Fit for 55" package introduced by the European Union (EU) to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, as per the European Climate Law. The EU already implements carbon pricing mechanisms through the Emission Trading System (ETS) to decarbonise its industries. To maintain EU's competitiveness against the additional costs resulting from the required transformation and greenhouse gas reduction targets of the European Green Deal, as well as prevent carbon leakage to countries with lower emission targets than the EU, a carbon tax is planned to be applied to certain imported products through the CBAM. The transition period of CBAM is expected to start on October 1, 2023, with the permanent phase beginning on January 1, 2026. While WAT might not directly fall into the sectors covered by the initial phase starting on October 1, 2023, the company will be affected as any firm in the value chain that uses inputs from these sectors. The CBAM calculation methodology is yet to be finalised, but it is planned to be aligned with the EU. The increased product costs due to carbon pricing will likely affect WAT, potentially impacting product prices as well. To mitigate this potential burden, WAT has emission reduction targets.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

937142

Explanation of financial impact figure

The financial impacts are calculated based on Emission Trading System (ETS), Carbon Tax Scenarios, and Border Carbon Adjustment Mechanism (CBAM) explanations. WAT's total scope 1+2 emissions for 2022 amount to 1,565 tCO₂e. The Carbon Tax price is calculated using average prices from countries that have already implemented Carbon Tax, based on data from the World Bank Carbon Pricing Dashboard. The average Carbon Tax price is calculated at 28.93 USD per ton CO₂e (equivalent to 598.81 TRY/tCO₂e according to CBRT Exchange Rates on 05/31/2023). The potential financial impact figure for the maximum scenario is calculated as follows: (1,565 tCO₂e) * (598.81 TRY/tCO₂e) = 937,142 TRY.

Cost of response to risk

440000

Description of response and explanation of cost calculation

To manage this risk, WAT aims to minimise Scope 1-2 emissions and has set targets in this area. To reduce Scope 1 emissions, WAT is working on electrification and automation, and aims to convert its production to processes that use less chemicals. To reduce Scope 2 emissions, the company is developing comprehensive energy projects, such as the efficient motor conversion project. In addition, WAT obtained the Green Electricity Certificate (YEKG) in 2022, which means that all its electricity consumption comes from renewable sources. As a result, Scope 2 emissions for 2022 were zeroed out. These reductions contributed to an overall 65% reduction in Scope

1-2 emissions. For processes that use other energy sources, such as natural gas, electrification projects are carried out to convert scope 1 emissions into scope 2 emissions. The cost of the energy reduction and efficiency projects implemented in 2022, as well as the cost of the green electricity certificate, was considered as a risk mitigation response, totalling approximately TL 440,000.

Comment

WAT's comprehensive response to the carbon pricing mechanism demonstrates its commitment to sustainability and responsible climate action. The company's efforts to reduce Scope 1-2 emissions through various projects and renewable energy sourcing are in line with the EU's climate change targets and help to minimise potential financial impacts. By taking a proactive approach and continuously striving to reduce emissions, WAT is positioning itself to effectively adapt to the changing regulatory landscape and maintain its competitive edge in the market.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Water scarcity
------------------	----------------

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

In assessing water-related risks, WAT uses the WRI Aqueduct tool, which considers different climate scenarios such as the pessimistic (SSP3 RCP8.5) and optimistic (SSP2/RCP4.5) outlooks to assess current and future water-related risks. Located in the Meriç-Ergene river basin, WAT falls into the 'extremely high' water stress risk category according to the Aqueduct tool assessment.

While WAT's production processes are not heavily reliant on water usage, with only 12% of annual water consumption used for production and the remainder for human consumption, the region's 'extremely high' water stress doesn't have a direct material impact on WAT's production processes. Our risk management approach also considers the indirect impact of water-related risks.

The region's exposure to water-related issues can lead to demographic and sociological changes, as well as an increase in the incidence of certain water-borne diseases due to changes in water quality. These factors may have a long-term impact on the composition of WAT's workforce, potentially resulting in a loss of qualified personnel.

To address these identified risks and ensure the resilience of our operations, WAT has implemented several strategies. Our closed-loop processes, best practices to reduce both human and operational water consumption at the facility, regular monitoring systems and adopted water policy all help to mitigate water risks, support our efforts to combat the climate crisis and minimise potential water-related risks to our production process.

Through proactive risk management and a focus on sustainable water management, WAT aims to ensure the stability and success of our business while making a positive contribution to water-related sectors.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

8525100.25

Explanation of financial impact figure

To assess the financial impact of the risk, WAT calculates the potential consequences of workforce losses. The company evaluates the possibility of workforce potential being lost due to various reasons, such as brain drain, pandemics, natural disasters, and the climate crisis. Based on this assessment, WAT estimates the cost of up to 20% of its employees, including critical positions, potentially leaving their jobs for any reason.

Cost of response to risk

2500000

Description of response and explanation of cost calculation

In an effort to minimise the risk, WAT focuses on tracking, controlling, and improving all points where they have an impact on water quality and quantity. The company endeavors to minimise water usage through closed-loop systems, with only 12% of total withdrawal allocated to process use. In new investments, WAT prefers systems with no water consumption or minimal usage. In its subsidiary industries, WAT has started processes that consume less water to preserve the region's groundwater resources. The company regularly conducts wastewater analyses to monitor pollutants and digitally tracks water withdrawals and usage points.

Comment

WAT recognises the importance of effective risk management, particularly in relation to water-related risks and other climate-related challenges. The company recognises the importance of collaboration and recognises that water management is most effective when conducted on a catchment scale.

WAT focuses on water conservation by implementing closed-loop systems to minimise water consumption. Only 12% of its annual water use is for production, with the majority used for human consumption. Although the region's "extremely high" water stress does not directly affect WAT's production processes, the company considers the potential indirect impact of water-related risks.

The region's exposure to water-related issues, such as changes in water quality and demographic shifts, could potentially lead to a loss of skilled labour. To manage these risks and ensure operational resilience, WAT has adopted several strategies. These include closed-loop processes, reducing human and operational water consumption, using regular monitoring systems, and implementing a comprehensive water policy. By proactively managing risk and promoting sustainable water management, WAT aims to ensure the long-term stability and success of its business while making a positive contribution to local communities and ecosystems.

To assess the financial impact of this risk, WAT calculates the potential loss of labour due to various factors such as brain drain, disease outbreaks, natural disasters and climate change. The company estimates that a maximum of 20% of its workforce could be affected by any of these factors, including key personnel in critical positions. By considering such potential labour losses, WAT can better prepare for and respond to the challenges of water scarcity.

In summary, WAT's approach to mitigating water-related risks is a comprehensive strategy that emphasises water conservation, environmental stewardship and community engagement. By focusing on proactive measures and sustainable water practices, WAT aims to minimise risks and make a positive contribution to the environment and the well-being of its employees and local communities.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased production capacity

Company-specific description

As the global impact of climate change continues to increase, mitigation pressures and activities are shaping and growing, with mechanisms such as the Carbon Pricing Mechanism, the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System influencing the market. Industries are striving to make their energy and processes more efficient. WAT offers energy efficient products to its customers, helping them to meet their carbon reduction targets and contributing to the overall reduction of global emissions.

WAT's sustainability strategy includes the 'products for fit-for-55' approach, which focuses on developing environmentally friendly designs, improving energy efficiency in products, supporting energy-related regulations, increasing the share of energy-efficient products in production and promoting their use in the sector. In addition, due to fluctuating energy costs caused by global/political issues, companies aim to minimise fluctuations and external dependencies. WAT achieves this by reducing energy consumption through energy efficient motors, effectively minimising fluctuations.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

22891136.59

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In the field of motor production, efficiency classes are regulated and limited. As an electric motor manufacturer, WAT is committed to 100% compliance with the Ecodesign Directive. This directive sets eco-design rules for electric motors and variable speed drives. WAT undertakes activities to maintain its market competitiveness and to comply with national and international regulations.

The increased demand for energy-efficient products due to climate change is currently seen as an opportunity for WAT. In 2021, the proportion of our sales generated by highly energy-efficient motors increased by 9.34%, reaching 72.48% in the reporting year. In terms of motor kWh production, there was an increase of 37% (this calculation is based on the sum of IE3 and IE4 motor efficiencies).

WAT recognises the importance of improving industrial energy efficiency in the fight against climate change. To achieve this, the 'Efficient Motor Transformation Project' has been initiated. As part of the project, we made presentations to more than 500 companies and visited 70 companies for feasibility studies. By replacing 495 motors, we

achieved a total energy saving of 2,776,824 kWh and prevented the emission of 1,161 tonnes of CO2 equivalent. Research shows that 45.7% of Turkey's net electricity consumption is in the industrial sector, and more than 70% of the electricity used in industry is consumed by electric motors. In addition, 88% of the electric motors used in industry belong to the low energy efficiency class. Despite existing efficiency regulations, it is known that there are currently 3.8 million electric motors of 7.5 kW and above that belong to the low efficiency class. This highlights the importance of the WAT conversion project and the potential impact it can have.

Cost to realize opportunity

8583543

Strategy to realize opportunity and explanation of cost calculation

According to a report by the Business and Sustainable Development Commission (January 2017), market opportunities such as smart building solutions, urban infrastructure, clean energy, energy efficiency and mobility systems are expected to create a total value of more than USD 5 trillion by 2030. All of these are considered critical to WAT. WAT's sustainable practices reduce social and environmental impacts while increasing safety and efficiency, benefiting its customers, employees and other stakeholders.

With a team of 72 R&D experts, WAT develops innovative products and introduces distinctive designs. Energy efficient motors are produced with innovative products and designs, increasing their market share day by day. To meet demand and maintain its market position, WAT is allocating significant resources from its R&D budget to capitalise on the opportunity presented by climate change.

To seize this opportunity, WAT has launched the 'Efficient Motor Transformation Project', which aims to replace low energy efficiency motors in industries with high energy efficiency motors, contributing to global climate goals and the circular economy.

Comment

Through the Efficient Motor Transformation Project, WAT aims to replace low-energy-efficiency motors in industry with high-energy-efficiency motors. As awareness of climate change increases, more companies are expected to participate in the project. It's worth noting that only 2% of the lifetime cost of a motor is the purchase price, while the remaining 98% is the energy cost. Users who prioritise efficiency are not only combating climate change, but also seizing the opportunity for significant cost savings.

In the medium term, proactive investment in electronic side and motion control technologies to convert a significant part of the market to EC and PM technology is forward-looking and in line with the global trend towards electrification and energy efficiency. Offering products with IE5 efficiency and enhanced control capabilities positions WAT as a market leader in the demand for advanced and sustainable motor solutions.

Overall, WAT's 'Efficient Motor Transformation Project' represents a strategic opportunity for the company to lead the market, support global climate change efforts and contribute to building a more sustainable future. The combination of innovative designs, energy efficient solutions and a strong commitment to research and development positions WAT as a key player in the transition to a greener and more energy efficient industry.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

WAT continues to transform its business models, products and services with determination to fight the climate crisis and achieve its goal of carbon neutrality by 2050. In line with this commitment, WAT has chosen electrification as a key focus area. In 2022, the company invested in the production of electric charging stations and established WAT Mobility as a subsidiary to promote the widespread adoption of electric charging stations and provide after-sales support.

Through WAT Mobility, the company offers a comprehensive range of value-added digital solutions, state-of-the-art products that support both commercial and passenger electric vehicles, reliable and high-quality charging units, easily accessible 24/7 continuous technical support and charging services that simplify the lives of electric vehicle users. This holistic approach addresses the needs of users from all walks of life, creating a lifestyle that is compatible with the transition to electric and hybrid vehicles.

WAT is actively working on the design, production and deployment of its electric vehicle charging station product family, both domestically and abroad, in line with the targets set. The increasing impact of climate change is driving individuals to choose hybrid or electric vehicles. WAT recognises that this change can only be successful with accessible charging points and high-quality products. By positioning itself in this sector, WAT has successfully turned the climate crisis into an opportunity.

From 2022, WAT has designed its processes and is preparing to start production, with the aim of making a significant contribution to the development of the electric vehicle infrastructure and promoting sustainable mobility solutions.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In the short term, WAT Mobility's primary motivation and goal is to expand the charging network throughout Turkey and enable the nationwide circulation of electric vehicles through our infrastructure. Our goal is to have charging stations available within a range of 150-250 km on motorways, starting with major cities and eventually covering all provinces. In the medium term, as the electric vehicle market expands, we aim to further expand our network and become one of the leading operators of charging stations.

In the long term, we plan to expand our market internationally through distribution agreements and our own investments. In addition to optimising costs through partnerships and investments in renewable energy, we are focusing on diversifying our solutions with different business models for energy procurement and management.

On the manufacturing side, our investments have already started with licensed production, and in the short term we plan to diversify our portfolio with fast charging devices. We have also initiated research and development investments to create unique designs tailored to local regulations and needs. This includes the establishment of development and testing infrastructure, as well as significant investment in human resources and knowledge accumulation.

In the medium term, we aim to go beyond local manufacturing requirements and focus on developing local suppliers for critical components to create cost advantages and ensure sustainability in the supply chain. In the long term, we plan to increase our manufacturing capacity either domestically or internationally and strategically position ourselves close to target markets.

In order to access the necessary capital for our plans, the investments made by WAT can be seen as the cost of seizing this opportunity. We are committed to realising our vision of expanding the charging network, promoting electric mobility, and contributing to a sustainable future.

Cost to realize opportunity

20000000

Strategy to realize opportunity and explanation of cost calculation

Opportunity: WAT's entry into electric mobility offers a chance to thrive in the growing EV market. Its sustainable solutions and cutting-edge products position it as a leader in the climate crisis.

Strategy:

- Nationwide charging network: Extensive network expansion across Turkey to encourage EV adoption.
- Leading charging operator: Ongoing adaptation to stay at the forefront of charging technology.
- Diversified Energy Sourcing: Exploring renewable sources for a greener approach.
- Investing in R&D: Innovating unique charging solutions in line with regulations and requirements.
- Focus on local suppliers: Promoting a sustainable supply chain and supporting the local economy.

The costing of WAT's electric mobility venture includes several aspects:

- Infrastructure investment: The capital required to establish and expand the charging network across the country, including infrastructure development, equipment procurement and installation costs.
- Research and development: Investment in R&D to develop innovative charging solutions and cutting-edge products to ensure WAT remains competitive and meets customer expectations.
- Operating costs: These include the day-to-day costs of running the charging stations, such as maintenance, electricity and staff costs.
- Energy procurement: Costs associated with sourcing energy from different suppliers, including potential investment in renewable energy sources.
- Supplier development: Investment in building partnerships with local suppliers to increase local production and reduce overall costs.
- Market expansion: Resources allocated to marketing, customer outreach and market research to effectively promote and expand WAT's e-mobility services.

Comment

WAT Mobility's strategic entry into the electric mobility sector represents a compelling opportunity for growth and sustainability. Expanding the charging network nationwide is our short-term goal, ensuring that electric vehicles can travel seamlessly across Turkey. Our commitment to innovation and collaboration puts us on track to become a leading charging operator in the medium term. The use of renewable energy sources and different business models for energy management will optimise costs and improve sustainability. Our investment in research and development enables us to deliver cutting-edge solutions tailored to local needs, while the development of local suppliers ensures a resilient supply chain. WAT is determined to seize this opportunity to advance electric mobility and contribute to a greener future.

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

Our climate transition plan is voted on at Annual General Meetings (AGMs)

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your climate transition plan (optional)

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices		
<table border="1"> <tr> <td>Transition scenarios</td> <td>IEA NZE 2050</td> </tr> </table>	Transition scenarios	IEA NZE 2050	Company-wide	<Not Applicable>	<p>WAT carried out a few scenario analyses in developing the climate scenarios. The first was the IEA's Net Zero Emissions Scenario (NZE), which outlines a path to net-zero CO2 emissions by 2050, with advanced economies reaching net-zero earlier than others. The scenario is also consistent with the mitigation pathways assessed in the IPCC's Sixth Assessment Report, limiting global temperature increase to 1.5°C with zero or limited temperature overshoot (with a 50% probability), a minimum temperature increases of 1.4°C (33% probability) and a maximum temperature increase of 1.7°C (67% probability).</p> <p>The scenario assumes the use of all current technologies and abatement options by 2050. At this point, WAT positions itself as a key partner that can play a significant role in making this scenario a reality with its energy efficient products. The increasing frequency of climate disasters is likely to lead to a greater focus on the NZE scenario, creating an opportunity for WAT to play a critical role. By offering products with recyclable and recycled content, reduced raw material consumption and compatibility with a circular economy model, WAT can seize this opportunity to conserve natural resources, enhance brand value and increase profitability.</p> <p>In line with Koç Group's carbon neutral target, WAT can progress in parallel with this scenario. Considering our company's growth projections and goals, we made various assumptions for the Scope 1, 2 and 3 emissions projections. We found that Scope 3 emissions from product use were most sensitive to these assumptions. To address this, we increased the production volume of our highly energy-efficient products, which reduces carbon emissions during their use. In 2022, we achieved a 37.74% increase in motor kWh compared to the previous year and set specific targets accordingly. Another example is our special motors, which use fewer raw materials, reducing raw material emissions and supporting sustainable resource use. We have set targets in line with the requirements of the scenario.</p>
Transition scenarios	IEA NZE 2050				
<table border="1"> <tr> <td>Transition scenarios</td> <td>IEA STEPS (previously IEA NPS)</td> </tr> </table>	Transition scenarios	IEA STEPS (previously IEA NPS)	Company-wide	<Not Applicable>	<p>WAT, climate scenarios are carefully evaluated, and among them, the IEA's STEPS scenario has been chosen because of its more pessimistic outlook compared to other scenarios. This approach is justified by the uncertainties surrounding the ability of governments to fully meet all their announced targets.</p> <p>The STEPS scenario combines different elements from the IPCC RCP 8.5, 4.5 and SSP potential pathways. Positioned as a mid-range scenario, it represents a middle ground between business-as-usual emissions reductions and the ambitious goal of limiting global warming to 1.5°C, in line with the Paris Agreement.</p> <p>Under this scenario, the global average temperature is projected to rise by around 2.6 degrees Celsius. Such a critical rise in temperature has the potential to trigger a series of catastrophic events, causing widespread fear and ultimately leading to significant political and sociological crises on a global scale. For example, localised problems such as energy crises and food shortages, if left unaddressed, could escalate into global challenges with far-reaching consequences. Inflationary surges, particularly in developing countries, could adversely affect their economies, leading to contraction and hindering sustainable development.</p> <p>Potential restrictions on access to natural resources could force communities to migrate to regions with more available resources, causing socio-economic disruption along migration routes. In addition, stringent regulations to address these challenges may have a significant impact on WAT, its suppliers and customers, requiring proactive measures.</p> <p>To address this complex scenario and prioritise emissions reduction, WAT has set ambitious targets to ensure production continuity while minimising the company's potential contribution to global warming. By offering high energy-efficient motors, WAT aims to enable manufacturers to adopt sustainable practices and contribute to the fight against the climate crisis. The company's strategic positioning places it in a critical role, offering opportunities not only for financial growth but also for enhancing its brand value while making a meaningful contribution to a more sustainable future.</p>
Transition scenarios	IEA STEPS (previously IEA NPS)				
<table border="1"> <tr> <td>Physical climate scenarios</td> <td>RCP 4.5</td> </tr> </table>	Physical climate scenarios	RCP 4.5	Company-wide	<Not Applicable>	<p>As WAT, we have assessed all the physical risks caused by climate change and examined different Representative Concentration Pathway (RCP) scenarios published in the IPCC's 5th and 6th Assessment Reports to define our sustainability strategy. RCP 4.5 is described by the Intergovernmental Panel on Climate Change (IPCC) as a moderate scenario in which emissions peak around 2040 and then decline. RCP 4.5 projects sea level rise (0.26m on average) and a temperature increase that is unlikely to stay below 1.5°C, with significant impacts on ecosystems and human systems.</p> <p>In response to this temperature rise, we have assessed our climate-related physical risks, including more frequent extreme weather events such as heavy rainfall, droughts, and heatwaves. To understand how our operations could be affected by climate crises related to water resources, precipitation, and drought, we used the World Resources Institute's Aqueduct Global Water Risk Tool. This tool not only helps us assess water stress at our facilities, but also evaluates various parameters such as groundwater depletion, flood risks and seasonal variations in water availability, providing invaluable data for our water risk management efforts.</p> <p>While our site is not prone to flood risk, we are located in an area with an extremely high (level 5) risk of drought, making the decline in per capita water consumption due to the region's growing population highly critical. Our assessment has considered all physical parameters of quality and quantity, and WAT's location is classified as a high-impact area (4th level) in terms of water risks. Although we operate our processes in a closed loop to minimise water consumption, the 4th level water risk in the region can present other challenges.</p> <p>As a WAT, we aim to support the preservation of the ecosystem and ensure the continuity of our business by implementing best practices at the local level to conserve natural resources.</p>
Physical climate scenarios	RCP 4.5				

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	IEA 450	Business activity	<Not Applicable>	<p>The IEA 450 Scenario is a transition scenario that aims to reduce greenhouse gas emissions in the energy sector and limit greenhouse gas concentrations to 450ppm, thereby mitigating future climate change and achieving the 2°C global warming target. To achieve this, the IEA 450 Scenario relies on key strategies such as increasing the use of low-carbon energy sources, improving energy efficiency and adopting technologies that reduce carbon emissions.</p> <p>In this context, the motor manufacturing sector plays an important role in the energy sector due to the prominent role of motors in energy consumption. Electric motors are widely used in various industrial, transport and agricultural sectors and contribute significantly to energy consumption. Therefore, efforts to improve energy efficiency and adopt low-carbon technologies in the production and use of motors can effectively support the goals of the IEA 450 Scenario.</p> <p>In line with this scenario, WAT has assessed its position and aligned its strategies to contribute to the IEA 450 goals. WAT's Enterprise Risk Management effectively manages market risks, allowing the company to embrace the challenges of climate change and turn them into opportunities. By emphasising energy efficiency in its high-performance products, WAT has succeeded in a market that favours energy-saving technologies.</p> <p>In order to meet national climate targets and combat the global climate crisis, WAT has initiated the 'Motor Transition Project': Replacing Inefficient Motors in Industry'. This initiative aims to replace low energy efficient motors with high efficiency alternatives, thus contributing significantly to Turkey's climate targets. The project includes raising awareness of the impact of energy consumption on carbon management, demonstrating significant carbon reductions achievable through motor replacement, providing technical support to industries, and promoting a circular economy model through waste management.</p> <p>WAT's projections have considered a range of assumptions for Scope 1-2-3 emissions while setting growth targets for the business. Recognising the sensitivity of Scope 3 emissions from product use, WAT has intensified the production of energy-efficient products, resulting in a remarkable 37% increase in motor kWh efficiency in 2022. In addition, the development of special series motors with reduced raw material consumption effectively reduced emissions related to material sourcing, thus supporting environmental protection.</p>

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

In evaluating our climate change scenarios as a WAT, we considered how all our stakeholders would be affected by climate-related issues. The results motivated us to actively contribute to reducing our greenhouse gas emissions and transitioning to a low-carbon society.

Several key issues emerged from our assessment:

One was how the acute and chronic problems of climate change could affect WAT's production. While WAT is not vulnerable to events such as flooding due to its location, there is unfortunately a risk of drought in the operating area. In addition, future modelling suggests that climate-induced migrations could reduce accessible water levels. Similarly, potential supply chain issues are critical as they directly affect WAT's production.

Another aspect we have considered in assessing climate scenarios is the potential exponential increase in the impact of climate change, leading to significantly increased regulation. Significant resources are currently being devoted to R&D processes for innovative technologies.

Finally, we have focused on raw material sourcing in our assessment of climate scenarios. This issue can be subject to regulatory constraints, and issues of resource depletion or supplier problems can create challenges in sourcing necessary materials.

Through a thorough assessment of these factors, we are committed to implementing measures to address the challenges of climate change and ensure sustainable and responsible practices in our operations.

Results of the climate-related scenario analysis with respect to the focal questions

In our analysis of climate change scenarios, we found that acute and chronic physical risks affect WAT and its suppliers. Although WAT is less vulnerable to events such as flooding due to its location, it faces a high (4/5) risk of drought according to the World Water Forum tool. To manage this risk, WAT has designed its processes as closed systems to minimise water consumption within the factory. In addition, 94% of WAT's suppliers face chronic risks such as drought and acute problems such as flooding, according to the WRI tool. To mitigate potential supply chain disruptions and their negative impact on production processes, WAT has implemented a supplier development programme and avoids single-source dependencies.

Another area we focused on when evaluating climate scenarios is the need for innovative product design in the motor sector. Considering scenarios such as RCP4.5 and higher, as described in the IPCC Fifth and Sixth Assessment Reports, it is clear that many species may not survive such temperature increases. This requires the implementation of strict measures to limit global warming. WAT will need to accelerate its efforts to reduce greenhouse gas emissions to cope with these potential limits. Anticipating a potential increase in demand for efficient motors from customers with higher energy efficiency targets, WAT must proactively develop and produce efficient products with a low carbon footprint, while maintaining its competitive edge and resources.

In evaluating the climate scenarios, we also encountered the issue of raw material sourcing, which could pose a risk according to the scenario outcomes. Climate change and economic crises can make resource extraction difficult and lead to high emissions, resulting in supply disruptions. To address this, WAT manufactures products with recycled materials and designs its motors to be 97% recyclable, using practices such as motor rewinding and parts reuse to adapt to alternative opportunities.

With a strong commitment to the environment, WAT aims to become a carbon neutral company by 2050, underlining its dedication to reducing emissions. Climate change scenarios, even in the most optimistic outlook, show serious consequences. WAT, driven by its purpose and strategy, is committed to solving climate issues.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>WAT has determined its business strategy by evaluating climate risks and opportunities. The company is regarded as environmentally friendly, actively supporting the fight against the climate crisis with its set objectives. Strategic decisions are made based on identified risks and opportunities, aiming for continuous improvement to expand our product portfolio, provide excellent customer service, and strengthen our positions.</p> <p>As a pioneer in the industry, WAT was the first to offer the IE4 full product range. Furthermore, in line with its vision, WAT takes a leading role in IE3-IE4 and IE5-EC motor topologies. By offering efficient products, the company helps mitigate greenhouse gas emissions resulting from energy consumption. The target for 2023 is to produce high-efficiency motors with a total capacity of 1.5 MW.</p> <p>WAT sets yearly targets to manufacture motors with a compact, higher power density and less material, ensuring they are 97% recyclable. Through new product platforms such as QN high-efficient, QH compact, and QHS super compact motors, the company contributes to the conservation of natural resources.</p> <p>Supporting industries on climate crisis and energy efficiency matters, WAT takes the lead in meetings emphasising the importance of energy efficiency. The 'Efficient Motor Conversion Project' provides feasibility studies for identifying inefficient motors, enabling industries to reduce carbon emissions and contribute to global emission reductions.</p> <p>In 2022, WAT ventured into EV charger production, planning to diversify its investments with fast-charging devices. Ongoing R&D and design investments aim to provide custom solutions with original designs to support our production. The medium-term goal is 100% domestic production and developing local suppliers to establish a sustainable supply chain. WAT's charging network helps combat climate change by preventing carbon emissions from fossil fuel-consuming vehicles. In the long run, the company aims to source charger energy from renewable sources, such as solar power.</p>
Supply chain and/or value chain	Yes	<p>WAT has thoroughly assessed climate risks and opportunities, with the supply chain emerging as a critical area. Like any industry, WAT aims to enhance and improve its supply chain to mitigate the possibility of disruptions that may impact production processes due to any issues with suppliers. Creating value in the supply chain is one of the five sustainable strategic objectives determined by the company.</p> <p>When defining its climate strategy and objectives, WAT also considers the perspectives of its stakeholders. Feedback and recommendations from suppliers gathered through stakeholder analysis surveys are evaluated to prioritise their demands (e.g., benchmark requests). This collaborative approach ensures that suppliers' views and needs are aligned with the company's strategic objectives.</p> <p>WAT prioritises ESG Status in supplier contracts. Self-assessment audits are conducted to ensure alignment with our principles. A third-party expert firm conducts sustainability risk assessments for our suppliers. As part of the Data Monitoring and Improvement Project with Arçelik, we focus on critical suppliers who significantly impact our operations. In 2022, we identified 58 critical suppliers, comprising 26% of all suppliers and accounting for 77% of our purchasing volume. Currently, Our 58 suppliers, with 47 having ISO14001 and 32 having ISO 50001 systems in place. To enhance their compliance, we developed an action plan.</p> <p>As part of our commitment to NetZero 2050 throughout the value chain, decarbonising the supply chain is of critical importance. Starting from 2022, we have begun to obtain long-term environmental commitments from our suppliers, such as setting greenhouse gas emissions, water, waste, and energy efficiency targets.</p> <p>We ensure sustainable procurement operations through risk management processes, sustainable supplier indices, supplier audits, effective communication, and supplier training, which align with our sustainable objectives. By incorporating the perspectives of our suppliers and other stakeholders into our climate strategy and decision-making process, we foster a collaborative approach that ensures sustainable value creation across our supply chain.</p>
Investment in R&D	Yes	<p>WAT invests in technology and maintains a robust research and development infrastructure, covering the entire product realisation cycle from design to serial production. We continuously invest in R&D and collaborate both nationally and internationally to foster development. Engaging in Horizon projects, partnering with academia, and gathering field inputs from customers allows us to keep our product lifecycle vibrant and responsive to market needs.</p> <p>Aligned with our sustainability vision, our success extends beyond the industrial sector as we explore opportunities for growth in various domains. In the renewable energy sector, we have initiated a collaboration with a leader company, conducting research on yaw-pitch-ec applications and other system solutions. Our mobility journey began with Rakun, and since then, we have expanded into a wide range of automotive applications, including mobility product lines, heavy commercial applications, electric steering motors, and pump motors.</p> <p>In the field of motion control, we aim to enhance the control capabilities of our products, focusing on servo motors, drivers, industrial solutions, and AGVs, positioning ourselves as a technological partner within the industry. Our commitment to investment in technology and research-driven innovation enables us to stay at the forefront of technological advancements and cater to evolving market demands.</p>
Operations	Yes	<p>At WAT, we have set projects and objectives focused on improving our production processes, reducing energy consumption, and enhancing efficiency, decreasing water consumption, minimizing raw material consumption and waste generation. As we implement these initiatives and achieve our goals, our carbon footprint visibly decreases.</p> <p>In 2022, we obtained the YEK-G certificate, which verifies that the electricity we sourced was from renewable energy sources. As a result, we were able to achieve a 75% reduction in total scope 1 and scope 2 emissions in the market base.</p> <p>During the reporting year, we saved electricity through 37 energy projects, leading to a reduction in carbon emissions.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures	<p>Revenues:</p> <p>WAT has thoroughly assessed climate risks and opportunities, with the supply chain emerging as a critical area. Like any industry, WAT aims to enhance and improve its supply chain to mitigate the possibility of disruptions that may impact production processes due to any issues with suppliers. Creating value in the supply chain is one of the five sustainable strategic objectives determined by the company.</p> <p>To achieve this, WAT conducts comprehensive environmental, social, and governance audits of its suppliers. Through these audits, WAT evaluates its suppliers, identifies areas for improvement, and actively supports them in making the necessary changes.</p> <p>When defining its climate strategy and objectives, WAT also considers the perspectives of its stakeholders. Feedback and recommendations from suppliers gathered through stakeholder analysis surveys are thoroughly evaluated, and their demands are prioritised (e.g., benchmark requests). This collaborative approach ensures that suppliers' views and needs are closely aligned with the company's strategic objectives.</p> <p>WAT is committed to increasing the share of high-energy-efficient motors (IE3-IE4-IE5) in its product portfolio and has set targets for the motor kWh and their contribution to the total revenue in the future (Note: R&D projects are underway to include even higher efficiency motors like IE5 in our product range). In the reporting year, revenue from high-energy-efficient motor sales accounted for 72.48% of the total revenue, indicating a significant increase of 9.34% from the previous year. This growth was driven by an increase in motor kWh from 1,359,256.73 in 2021 to 1,872,195.4 in 2022. WAT expects these values to further rise to 2,048,582 in 2025 and 2,698,700 Motor kWh in 2030, leading to a higher share of high-energy-efficient motors in the revenue (We calculate the production as the total kWh of the produced motors).</p> <p>Direct and Indirect Cost:</p> <p>WAT places significant importance on managing both direct and indirect costs in its supply chain and operational processes. To achieve this, the company continually invests in energy efficiency measures, including automation, optimisation, isolation, and system revisions. In 2022, a total of 37 energy projects were completed, resulting in a profit of 2,410,600 TL and the prevention of 328 tons of greenhouse gas emissions. The total cost of these investments was 1,712,769.95 TL. For 2023, WAT has planned 33 energy projects to prevent 435 tons of greenhouse gas emissions.</p> <p>Moreover, WAT has initiated projects focused on compact motor designs to reduce emissions and costs related to raw materials. These efforts aim to reduce material usage and carbon emissions throughout the product lifecycle.</p> <p>Capital Expenditures:</p> <p>WAT continually invests in technology and research and development (R&D) to improve its product design and development cycle, from design to prototyping, analysis, verification, and serial production. The company invests in R&D through national and international collaborations and participates in Horizon projects. By developing projects in collaboration with academia and based on customer feedback, WAT ensures a continuous and vibrant product lifecycle.</p> <p>As part of its commitment to sustainability, WAT has expanded into different areas beyond the industrial sector. In the renewable energy sector, the company has initiated a partnership with a leader company to develop applications such as yaw-pitch-ec for system solutions. WAT's mobility journey began with its partnership with Rakun (the name of product), and it continues to grow with a range of products such as mobility product families, heavy-duty commercial applications, electric steering motors, and pump motors. The company aims to become a technological partner in the motion control sector by increasing the control capabilities of its products, including servo motors, drives, industrial solutions, and AGV applications.</p> <p>Furthermore, WAT has taken significant steps in the electric vehicle (EV) charger production and plans to diversify its production with fast-charging devices. With investments in R&D and unique designs to support production, WAT aims to manufacture solutions tailored to the needs of customers. As part of the long-term vision, the company aims for 100% domestic production and the development of local suppliers. The EV charging network offered by WAT helps reduce carbon emissions from fossil fuel vehicles, contributing to the fight against climate change. Ultimately, WAT envisions generating energy for charging stations from renewable sources such as solar power in the long run.</p> <p>In conclusion, WAT's strategic initiatives demonstrate its commitment to combat climate change challenges while driving innovation, expanding into new sectors, and creating value in the supply chain. By seizing the opportunities presented by the climate crisis, WAT has successfully established itself as a leader in sustainability and technology. The company's green investments and focus on renewable energy solutions reaffirm its dedication to achieving carbon neutrality by 2050.</p>

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	Yes, we identify alignment with our climate transition plan	<Not Applicable>

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

Revenue/Turnover

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

<Not Applicable>

Objective under which alignment is being reported

<Not Applicable>

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

1708293776

Percentage share of selected financial metric aligned in the reporting year (%)

72.48

Percentage share of selected financial metric planned to align in 2025 (%)

73.6

Percentage share of selected financial metric planned to align in 2030 (%)

75

Describe the methodology used to identify spending/revenue that is aligned

As WAT, we are committed to manufacturing high-energy-efficient motors (IE3-IE4) and continuously increasing the motor kWh and their share in the total revenue. Our goal is to set targets for future growth while including even higher efficiency motors such as IE5 through ongoing R&D and design projects.

In the reporting year, the revenue generated from the sales of high-energy-efficient motors accounted for 72.48% of our total revenue, showing a significant increase of 9.34% compared to the previous year. This growth can be attributed to the increase in the production kWh of our high-efficiency motors from 1,359,256.73 in 2021 to 1,872,195.4 in 2022. Looking ahead, we expect these values to further rise to 2,048,582 Motor kWh in 2025 and 2,698,700 Motor kWh in 2030. This projected increase in motor kWh is expected to result in a higher share of high-energy-efficient motors in our overall revenue (We calculate the production as the total kWh of the produced motors).

Our focus on producing high-energy-efficient motors aligns with our commitment to sustainability and combating climate change. By continually improving the efficiency of our products, we aim to contribute to energy conservation and reduce greenhouse gas emissions. As part of our long-term vision, we will continue to invest in research and development to introduce even more energy-efficient motor models, thus contributing to a more sustainable future.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

No, but we anticipate setting one in the next two years

Target ambition

<Not Applicable>

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

1596.84

Base year Scope 2 emissions covered by target (metric tons CO2e)

2879.61

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

4476.46

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

75

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

1119.115

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

1564.59

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

1564.59

Does this target cover any land-related emissions?

Please select

% of target achieved relative to base year [auto-calculated]

86.7313308581632

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

We commit to reducing our Scope 1 and Scope 2 greenhouse gas emissions by 75% by the year 2030, using the 2021 baseline. Our goal is to submit this target for approval to the Science Based Targets initiative (SBTi) within the current year. This emissions reduction target covers 100% of our Scope 1-2 emissions across the company.

Plan for achieving target, and progress made to the end of the reporting year

To achieve carbon neutrality in our operations, we have set specific objectives, including transitioning to renewable energy sources, improving energy efficiency in our factories, reducing chemical usage, and electrifying our vehicle fleet. We have identified areas where we can achieve at least a 75% reduction in CO2 emissions and will continuously seek opportunities to do even more as technology advances.

As part of WAT's growth strategy, we have created carbon emission maps that highlight the importance of energy efficiency. By implementing energy efficiency and electrification projects, we will be able to achieve our emissions reduction targets. (In fact, we have already planned 33 energy projects for the year 2023 alone.) Additionally, optimising our processes will be a crucial step towards reaching our goals. WAT is actively undertaking activities to ensure process efficiency as well.

Through these efforts, we are committed to making significant strides towards our sustainability objectives and combating climate change. Our dedication to reducing carbon emissions and embracing innovative technologies will drive us towards a more sustainable future.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

Target reference number

Abs 2

Is this a science-based target?

No, but we anticipate setting one in the next two years

Target ambition

<Not Applicable>

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 5: Waste generated in operations

Category 7: Employee commuting

Category 11: Use of sold products

Other (upstream)

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 2 emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

36666.24

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

219

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

2235.12

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

52626591.19

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

6.82

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)

52626591.19

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

52626591.19

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

<Not Applicable>

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

0

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

0

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

0

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

43.19

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

0

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

99.93

Target year

2030

Targeted reduction from base year (%)

15

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

44732602.5115

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

48654407.05

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

48654407.05

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

48654407.05

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

50.3191010498736

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

At WAT, we have set targets for reducing Scope 3 emissions in Category 11 as part of our commitment to creating a low-carbon society. Our activities are shaped around developing energy-efficient motors to achieve these goals.

Plan for achieving target, and progress made to the end of the reporting year

We specialise in producing high-energy-efficient motors (IE3-IE4) and continuously strive to increase the motor kWh of these highly efficient motors. Additionally, we are actively working on research and design projects (such as IE5 and higher efficiency classes) to expand our production range. In the reporting year, the share of high-energy-efficient motors in WAT's total motor production increased by 19.6%, reaching 81.7% compared to the previous year. The source of this increase is the rise in the production kWh of high-energy-efficient motors from 1,359,256.73 in 2021 to 1,872,195.4 in 2022. We aim to further increase these values to 2,048,582 and 2,698,700 Motor kWh by 2025 and 2030, respectively, thus projecting an increase in the share of high-energy-efficient motors in future production (For the production quantity; We calculate the total kWh of the produced motors instead of the pcs).

As part of our financial processes, we assess growth opportunities in the market and industry while considering the impact of climate change-related issues. Our sustainability strategy identifies financial opportunities related to climate change, and we have taken significant steps to access these opportunities. An exemplary initiative is our 'Efficient Motor Conversion Project.' This project involves replacing low-energy-efficient motors in industries with high-energy-efficient ones, resulting in energy efficiency and carbon reduction. As a result of this project, 495 motors were replaced, achieving a total energy saving of 2,776,824 kWh and preventing 1,161 tons of CO2 emissions. The positive impact of this project on our revenue amounted to 12.38 million TL.

In our pursuit of achieving targeted profitability, WAT has devised plans that include activities in water and wastewater management and the e-mobility sector. Currently, our revenue is significantly influenced by the water management sector, representing approximately 25% of our total revenue. Recognising the critical importance of water management in the context of the climate crisis, we anticipate potential growth in this market.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2022

Target coverage

Company-wide

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

Base year

2022

Consumption or production of selected energy carrier in base year (MWh)

14045.46

% share of low-carbon or renewable energy in base year

48.63

Target year

2026

% share of low-carbon or renewable energy in target year

50.15

% share of low-carbon or renewable energy in reporting year

50.15

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Yes, the result of this target (Low 1) will affect our other emission-reduction targets.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

WAT is committed to using renewable energy sources, aligning our strategies with sustainable practices. To achieve this, we have made the decision to procure electricity from renewable energy sources. By doing so, we aim to promote the widespread use of renewable energy in electricity generation and consumption, protect the environment, and work towards zero-emissions in our operations. This initiative serves as both an example for our industry and a responsibility towards our stakeholders.

We have taken significant steps in this direction by participating in the Turkish national Renewable Energy Guarantees of Origin System (YEK-G). This system, operating on a voluntary basis since June 1, 2021, provides us with green electricity certificates for the electricity we purchased in 2022, effectively converting it to zero-emission electricity.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the actions which contributed most to achieving this target

To obtaining green electricity certificates through YEK-G, we are actively engaged in energy efficiency projects, including the following:

- Energy Efficiency
- System Revision
- Electrification
- Automation
- Optimization

By implementing these energy efficiency projects, WAT further enhances its commitment to sustainability and contributes to reducing its environmental impact. We firmly believe that adopting renewable energy sources and implementing energy efficiency measures will set a positive example for our industry and inspire others to follow suit in the journey towards a greener future.

Target reference number

Low 2

Year target was set

2022

Target coverage

Company-wide

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

Base year

2023

Consumption or production of selected energy carrier in base year (MWh)

13401.09

% share of low-carbon or renewable energy in base year

100

Target year

2026

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

<Calculated field>

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, the result of this target (Low 2) will affect our other emission-reduction targets.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

As WAT, we have signed an agreement with the Republic of Turkey Ministry of Energy and Natural Resources to reduce the energy intensity we use in all our activities. In this context, we are committed to reducing our energy intensity by 10% in 2026 compared to the amount of energy consumed in 2023.

Plan for achieving target, and progress made to the end of the reporting year

The most important issue we focus on to reduce our energy intensity is to ensure energy and process efficiency. To increase efficiency and ensure its continuity, we carried out 37 energy projects in the reporting year. These projects can be classified under the headings of isolation, automation, system revision and optimisation. Energy consumption can be reduced through these projects. 33 projects are planned for 2023. These projects will reduce energy intensity.

List the actions which contributed most to achieving this target

<Not Applicable>

C4.3**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

C4.3a**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	33	435
Implementation commenced*	6	62
Implemented*	37	328
Not to be implemented	0	0

C4.3b**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.****Initiative category & Initiative type**

Energy efficiency in production processes	Motors and drives
---	-------------------

Estimated annual CO2e savings (metric tonnes CO2e)

108.22

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

698609

Investment required (unit currency – as specified in C0.4)**Payback period**

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

- Efficient Motor Transition Project (Implemented in Production)

We have taken concrete steps to enhance the energy efficiency of our production through the replacement of the inefficient motors in 2022. Prior feasibility studies revealed 35% IE1 (Standard Efficiency) and 36% IE2 (High Efficiency) motors above 5.5 kWh. Based on this assessment, we initiated the transformation of a total of 723 kWh equivalent motors, replacing them with 40 units of IE4 (Super Premium Efficiency) motors and 3 units of IE3 (Premium Efficiency) motors. In addition to the motor transition, we integrated REGEN drives in selected areas, enabling bidirectional power flow and allowing us to recapture significant amounts of otherwise wasted energy in the form of electricity. As a result of this comprehensive change, we now have the opportunity to save 256,956 kWh of electrical energy annually.

The project's success was facilitated by meticulous planning to ensure seamless motor conversion without interrupting our production. We are committed to contributing to the circular economy by recycling inefficient motors, which contain valuable metals, and thereby promoting sustainable practices. Considering an average motor lifespan of 10 years, the projected lifetime of this initiative is also estimated to be 10 years.

By upgrading to high-efficiency motors, we are actively reducing our carbon footprint and optimising our production processes.

Initiative category & Initiative type

Energy efficiency in buildings	Insulation
--------------------------------	------------

Estimated annual CO2e savings (metric tonnes CO2e)

49

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

57500

Investment required (unit currency – as specified in C0.4)

11400

Payback period

<1 year

Estimated lifetime of the initiative

11-15 years

Comment

- Energy Efficiency Initiatives for Varnish Curing Ovens

During the reporting year, WAT achieved significant reductions in electricity consumption and Scope 2 emissions through its insulation projects for the varnish curing ovens. To minimise electricity usage, insulation was applied to the inner walls and lids of three different points in the varnish curing ovens. Additionally, the process timing plan was redesigned to reduce heat leaks during the flash-off and cooling stages after varnish curing. These efforts resulted in a total energy savings of 21,646 kWh. Following the project, surface temperatures of the varnish ovens' doors decreased by approximately 20%. The success of the project was visually demonstrated using thermal cameras.

Initiative category & Initiative type

Energy efficiency in buildings	Insulation
--------------------------------	------------

Estimated annual CO2e savings (metric tonnes CO2e)

17.24

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

108590

Investment required (unit currency – as specified in C0.4)

9800

Payback period

<1 year

Estimated lifetime of the initiative

11-15 years

Comment

- Foundry Furnace Insulation Projects: Reducing Scope 1 Emissions

Another insulation project undertaken during the relevant reporting year was aimed at reducing Scope 1 emissions. In this context, insulation work was carried out on two holding furnaces located in our foundry area. In the first furnace, a temperature loss of 90°C was observed before the project. After wrapping the furnace with sheet wool, a temperature improvement of 40°C was achieved. This effort is estimated to result in an annual reduction of 2,890 m³/year in natural gas consumption.

In the second holding furnace, a temperature loss of 86°C was identified before the project. Following the implementation, a temperature improvement of 26°C was achieved. This project is expected to lead to a reduction of 6,000 m³/year in natural gas consumption.

The outcomes of the project were visualised using a thermal camera.

Initiative category & Initiative type

Energy efficiency in production processes	Other, please specify (Cooling Tank Revision)
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Estimated annual CO2e savings (metric tonnes CO2e)

31.31

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

223520

Investment required (unit currency – as specified in C0.4)

519875

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

- Cooling Tower Fan, Motor, and Drive Refurbishment

Feasibility studies were conducted to identify opportunities for enhancing energy efficiency in our cooling towers. As part of the project, aluminium fan blades in the cooling tower structure were replaced with axial-type epoxy FRP fan blades to reduce friction during fan operation. This reduction in friction resulted in improved efficiency in the motors driving the fans. With the achieved 28% increase in flow rate, one cooling tower was completely shut down (no longer needed), and the remaining towers with increased cooling capacity were sufficient to meet the factory's demand. Additionally, the motors powering the cooling towers were replaced with higher-efficiency WAT motors. The 7.5 kW-IE2 motors in the system were replaced with IE4 motors, resulting in energy savings.

These two projects conducted on the cooling towers have collectively reduced annual electricity consumption by 74,270 kWh.

Initiative category & Initiative type

Energy efficiency in production processes	Automation
---	------------

Estimated annual CO2e savings (metric tonnes CO2e)

26.76

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

285865

Investment required (unit currency – as specified in C0.4)

81450

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

- Automation Projects for Energy Efficiency

In the pursuit of reducing energy consumption and greenhouse gas emissions, two automation projects were undertaken during the reporting year. The first project focused on automating the radiant heating systems used in storage areas. The manual control of these radiant systems, which were frequently left open or forgotten to be turned off, was transformed into an automated process. With this automation, a predefined temperature threshold was set for the radiant heaters, ensuring they turn on and off automatically based on the specified conditions. Moreover, operating hours were defined, and rules were established to prevent unnecessary energy consumption outside of these hours. As a result of this project, we achieved a reduction of 7,500 Sm³/year in natural gas consumption.

The second project was carried out for heating boilers. Prior to the project, the boiler heating set points were manually adjusted based on temperature readings. With the implementation of parameter adjustments, the boiler temperatures were controlled automatically in alignment with external conditions, effectively preventing unnecessary energy usage. Through this project, we accomplished a saving of 10,800 Sm³/year in natural gas consumption.

These automation projects have significantly contributed to our efforts in conserving energy, reducing emissions, and promoting sustainable practices throughout our facilities.

Initiative category & Initiative type

Energy efficiency in production processes	Product or service design
---	---------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

33.37

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

170160

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

- Paint oven temperature optimisation

By replacing the paint used in the painting shop with a more environmentally friendly alternative, a transition to low VOC (Volatile Organic Compounds) paint has been achieved. After this improvement, an opportunity arose to lower the oven temperatures. An optimisation study was conducted for the oven set values, resulting in reduced temperature and shorter product curing time. As a result, a 33.37 CO2 reduction was achieved. We continue to monitor the outputs of project for optimal performance.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

2.77

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

17490

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

- Compressed Air System with Fresh Air Intake

According to the literature, reducing the compressor inlet temperature by 5°C can result in a 1% increase in energy efficiency. To achieve this, a project was implemented to introduce fresh air into the compressor system through a clean air duct. The system was designed with a damper mechanism, allowing it to adjust its intake based on external conditions. In winter, it draws in colder air from the outside, while in summer, it takes in air from inside the facility (where it's typically cooler). This approach enables us to utilise external environmental conditions as a source for energy efficiency improvements. The system is fully automated and continuously monitored for optimal performance.

Initiative category & Initiative type

Energy efficiency in production processes	Automation
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Estimated annual CO2e savings (metric tonnes CO2e)

8.99

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

40000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

- Optimisation of conditioners

WAT places critical importance on the high quality of its products and maintaining consistent quality is a key business strategy. Our products are widely used in the market for energy efficiency, making their quality and performance crucial factors. To ensure continuous and consistent quality in our production processes, WAT utilises various conditioners on its machines. For instance, our 250 T Buhler machine is equipped with closed-loop oil heating systems powered by electricity. Through real-time monitoring with digital systems, we identified an opportunity for energy savings in this machine.

Considering the changing product variety, we conducted an optimisation study for the operation of the conditioner, focusing on the machine's run times, frequency, and setups. As a result, we improved the base load and shut down one of the conditioners in the system. This initiative led to a reduction of approximately 9 tons of CO2 greenhouse gas emissions resulting from electricity consumption. The project continues with the evaluation of expansion and automation opportunities, as well as the monitoring of outputs, to ensure the sustainability of improvements. By continuously assessing and tracking the results, WAT aims to maintain the effectiveness of the implemented measures and identify further areas for enhancement.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for low-carbon product R&D	<p>WAT's sustainability vision involves conducting research and development activities with two R&D centers and competent engineering capabilities to create the most competitive products in the industry. These eco-efficient products and system solutions provide tangible benefits for energy efficiency, emission reduction, and resource efficiency in the industry, which are crucial for achieving global climate goals. One of WAT's most significant contributions to this goal is through its 'Products for fit-for-55' product strategy, which involves R&D activities to reduce and decarbonise embedded carbon emissions during the entire industrial life cycle, based on technological capabilities. Over 80% of WAT's R&D budget is allocated to developing the eco-efficiency portfolio, which includes products, systems, and solutions.</p> <p>Notable projects and activities in the R&D expenditure of 56,457,048.97 TL during the reporting year include:</p> <ul style="list-style-type: none"> - QN IE3 Platform: Focuses on improving electrical and mechanical design in motor topology to create a competitive product series with higher efficiency and size optimisation. The QN series offers higher power density, reduced material consumption, compact size, and improved energy efficiency. - QH and QHS Compact Motor Projects: Aim to achieve high efficiency in smaller-sized motors, resulting in better resource usage and energy efficiency. These projects contribute to reducing packaging materials, transportation costs, and direct and indirect emissions. - Rakun, Mobility Product Family, and EV Charger Projects: Create a holistic ecosystem of complementary products that directly contribute to carbon-zero targets. - IE3-IE4 and IE5+, EC Motor Topologies: Lead the industrial sector in promoting high-efficiency motor topologies with advanced design achievements. -Regulatory Compliance: Ensuring compliance with international regulations in design and realisation. -Investment in Technology: Collaborating on projects, such as Horizon, academic partnerships, and market-driven improvements. -Renewable Energy Partnerships: Focusing on application-oriented solutions for renewable energy. -Mobility and Automotive Solutions: Projects in the automotive sector for improved efficiency. -Motion Control: Enhancing control capabilities of products for industrial solutions.
Dedicated budget for energy efficiency	<p>Each year, during the last quarter, energy budgets and energy efficiency investment budgets are allocated for the following year. The quarterly budget utilisation allows for a review of new needs, and if necessary, budgets are revised accordingly. Energy efficiency projects are carried out with the allocated budgets. During the last quarter of each year, goals are set to reduce energy consumption for the following year.</p> <p>The evaluations made during this period are systematically and periodically monitored to ensure alignment with the planned targets. To assess the success of the projects, greenhouse gas emission reduction performance is calculated, and projects with opportunities to improve their outcomes are supported by the management.</p> <p>The budget allocated for energy efficiency is utilised in the following energy efficiency investment areas:</p> <ul style="list-style-type: none"> - Waste Heat / Heat Insulation: Investments are made to capture and utilise waste heat effectively, and insulation measures are taken to minimise heat losses, thus improving overall energy efficiency. - Automation: Automation projects are implemented to optimise energy consumption in various processes and systems. By automating certain tasks, energy usage can be controlled more efficiently, and wastage reduced. - Process Optimisation: Efforts are made to optimise industrial processes to operate at their peak efficiency levels, reducing energy consumption while maintaining or improving productivity. - System Revision: Existing systems are reviewed and revised to identify areas for energy efficiency improvements. This may involve upgrading or replacing outdated equipment with more energy-efficient alternatives. <p>By investing in these areas, the company aims to enhance its energy efficiency and reduce energy consumption, reduce carbon emissions leading to cost savings and a lower environmental impact.</p>
Compliance with regulatory requirements/standards	<p>WAT fully complies with the legal regulations related to greenhouse gas emission reduction and eco-design standards that define product energy efficiency limits. Ensuring this compliance is among our top priorities. We closely monitor and prepare for future compliance requirements, such as Directive 2009/125/EC and Regulation 2017/1369 (EU), Regulation DOE 10 CFR Part 431 - Subpart B (USA), and Environmentally Sensitive Design Requirements for Electric Motors and Variable Speed Drives (TR), as well as standards related to products like TS EN IEC 61851-1 Electric Vehicle Conductive Charging Systems.</p> <p>Additionally, we have established and integrated management model standards such as ISO 14001 EMS, ISO 50001 EMS, ISO 9001 QMS, and ISO 14064-1 GHG for our activities at the production facility. WAT maintains close relationships with relevant government departments and provides support for the implementation of EU regulations into the Turkish legislative system.</p> <p>All energy efficiency efforts in our production comply with the legal requirements stated in the Turkish Energy Efficiency Law. We achieve greenhouse gas emission reduction, efficiency improvements in product and part designs, energy efficiency initiatives at the production level, and investments in sustainable product and production activities. Some examples of these investments include:</p> <ul style="list-style-type: none"> - Investments in new energy-efficient and resource-conserving products and production lines. - Investments in compliance with legal and management system standards. - Improving the tracking of environmental outputs through digitisation. - Implementing test systems that provide real-time consumption and efficiency performance comparisons.
Dedicated budget for other emissions reduction activities	<p>WAT, continuous opportunity-seeking for carbon reduction. In addition to projects within its production, it supports initiatives for transitioning to lower-carbon alternative raw materials and materials. For instance, during the reporting year, WAT executed and implemented the low-carbon motor paint transition project in its 2nd paint shop.</p> <p>Although the material's unit cost is higher, it offers lower VOC values, reduced hydrocarbon compounds, and even eliminates some compounds. Moreover, it enhances the motor's physical durability, providing corrosion protection and UV resistance. This not only contributes to carbon reduction during production but also extends the product's lifespan during use. WAT allocates resources to research, materials, equipment, and application areas for this purpose. Besides focusing on emission reduction during production,</p> <p>WAT also emphasises reducing emissions generated during the product's use phase.</p>

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

The IEA Energy Technology Perspectives Clean Energy Technology Guide

Type of product(s) or service(s)

Other	Other, please specify (High-efficiency motors (IE3, IE4, IE5+, EC))
-------	---

Description of product(s) or service(s)

WAT's sustainability vision involves conducting research and development activities with two R&D centers and competent engineering capabilities to create the most competitive products in the industry. These eco-efficient products and system solutions provide tangible benefits for energy efficiency, emission reduction, and resource efficiency in the industry, which are crucial for achieving global climate goals. One of WAT's most significant contributions to this goal is through its 'Products for fit-for-55' product strategy, which involves R&D activities to reduce and decarbonise embedded carbon emissions during the entire industrial life cycle, based on technological capabilities.

WAT supports the reduction of global carbon emissions with its production of IE3 and IE4 energy-efficient motors. In 2022, WAT increased the share of IE3 and IE4 energy-efficient motors in production to 81.7%, contributing to energy savings. Ongoing research and development (R&D) efforts are focused on IE5+ and EC motors

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify (We have an internal methodology, verified by a third party.)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

Usage of the low-carbon products in 2022

Reference product/service or baseline scenario used

Our baseline products are the products that consume the lowest "allowable" energy efficiency classes in the market.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

1936473.34

Explain your calculation of avoided emissions, including any assumptions

Avoided emissions are calculated by comparing the electricity consumption reduction achieved by our sold low-carbon products with that of 'normal' products. We multiply the electricity savings (in kWh) with Turkey's electricity emissions factor (in kg CO2e/kWh) to calculate the total avoided greenhouse gas (GHG) emissions.

Electric motor efficiency classes consist of the following:

- IE1 (Standard Efficiency)
- IE2 (High Efficiency)
- IE3 (Premium Efficiency)
- IE4 (Super Premium Efficiency)

Our motor production standards are limited by the Eco-design regulations. Accordingly, we can calculate the indirectly avoided emissions by comparing our IE3 and IE4 energy-efficient motors, which have efficiency levels exceeding regulatory requirements, with the minimum efficiency level that could be produced according to the regulations. We consider the 10-year lifetime of our manufactured motors in these calculations.

The electricity emission factor used for all products is the same (electricity emission factor of Turkey in 2022 supplied by IEA). The avoided emissions for third parties (consumers) from these products in 2022 have been calculated as 1,936,473.34 tons.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

72.48

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

Yes

(C5.2) Provide your base year and base year emissions.**Scope 1****Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

1596.84

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 2 (location-based)**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

2879.61

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 2 (market-based)**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3 category 1: Purchased goods and services**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

36666.24

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3 category 2: Capital goods**Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 4: Upstream transportation and distribution****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment**

Scope 3 category 5: Waste generated in operations

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

219

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3 category 6: Business travel

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

2235.12

Comment

Indirect GHG emissions from employee commuting include GHG emissions from domestic transportation of employees from home to factories and back. 100% of the employee commuting are included in the emission calculation. Distances, routes, and employee numbers are taken from Administration Department (due to contract with service contractor), and emissions factors are taken from DEFRA Greenhouse Gas Reporting published by UK Government. All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

52626591.18

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

6.82

Comment

Other (Upstream) GHG emissions include GHG emissions from water supply and wastewater treatment. All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IEA CO2 Emissions from Fuel Combustion

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

1564.59

Start date

January 1 2022

End date

December 31 2022

Comment

In the reporting year, despite a 4.62% increase in total motor kWh production compared to the previous year, we were able to achieve reductions in our Scope-1 emissions through our implemented efficiency measures. All calculations are completed in accordance with ISO 14064-1:2018 and verified following ISO 14064-3:2019 standards.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

1566.84

Start date

January 1 2021

End date

December 31 2021

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

1243.4

Start date

January 1 2020

End date

December 31 2020

Comment

All calculations are completed in accordance with ISO 14064-1:2018.

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

1062.84

Start date

January 1 2019

End date

December 31 2019

Comment

All calculations are completed in accordance with ISO 14064-1:2018.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Our Scope 2 (location-based) emissions are emitted from grid electricity, and they are calculated by using the grid electricity emission factor and verified by an independent third-party organization. Our Scope 2 (market-based) emissions are only emitted from the electricity supplied from renewable energy sources, and they are verified as "0" (zero) by an independent third-party organization.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

2833.17

Scope 2, market-based (if applicable)

0

Start date

January 1 2022

End date

December 31 2022

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards. WAT has certified the electricity it procured in the reporting year (2022) with green energy certificates.

Past year 1

Scope 2, location-based

2879.61

Scope 2, market-based (if applicable)

2879.61

Start date

January 1 2021

End date

December 31 2021

Comment

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Past year 2

Scope 2, location-based

2288.58

Scope 2, market-based (if applicable)

2288.58

Start date

January 1 2020

End date

December 31 2020

Comment

All calculations are completed in accordance with ISO 14064-1:2018.

Past year 3

Scope 2, location-based

2297.52

Scope 2, market-based (if applicable)

2297.52

Start date

January 1 2019

End date

December 31 2019

Comment

All calculations are completed in accordance with ISO 14064-1:2018.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

36346.61

Emissions calculation methodology

Average data method
Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Capital goods

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO₂e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Capital goods are not significant for WAT, as the emissions associated with our capital goods are estimated to be negligible within our total emissions for the year 2022.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO₂e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All Scope 1 and Scope 2 emissions of our activities are calculated. There are no emissions out of Scope 1 and Scope 2 such as heat, steam, etc.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO₂e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from upstream transportation and distribution have not been calculated yet. The transportation calculation is our target by 2024.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

269

Emissions calculation methodology

Average data method
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions factors are taken from DEFRA Greenhouse Gas Reporting: Conversion Factors 2022 published by UK Government. All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards

Business travel

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from business travel have not been calculated yet. The business travel calculation is our target by 2023.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2758.28

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Indirect GHG emissions from employee commuting include GHG emissions from domestic transportation of employees from home to factories and back. Distances, routes, and employee numbers are taken from Administration Department (due to contract with service contractor), and emissions factors are taken from DEFRA Greenhouse Gas Reporting: Conversion Factors 2022 published by UK Government. All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We have no leased assets for storing supplied materials from suppliers.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from downstream transportation and distribution have not been calculated yet. We started to collect the transportation and distribution data. The transportation calculation is our target by 2024.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We do not sell intermediate products. Most of our products are finished articles for end-user use (eg. robots or transformers) or are part of a larger product that our device is simply placed into (eg. turbo charger in a ship, circuit breaker in a building). Hence, given that there is no further processing of our products needed, "Processing of sold products" can be disregarded as a Scope 3 emission source.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

48654407.4

Emissions calculation methodology

Average data method
Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

We calculate our emissions based on the products we sell.

Considering the amount of electricity consumed by our products and their long lifespan, the lifetime emissions of the products sold in the reporting year are significant. We can reduce emissions from product usage through our energy-efficient products.

The emissions were calculated by multiplying the following factors for each of our products or product families where appropriate:

- Average lifetime (10years)
- Number of products sold during one year
- Operation time per year
- Fuel/Electricity consumption per operation time of the product [MW]
- Average electricity emissions factor [kgCO2e/MWh]

All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from end of life treatment of sold products have not been calculated yet. The end-of-life calculation is our target 2026.

Downstream leased assets

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from downstream leased assets have not been calculated yet. GHG emissions in this category are not significant.

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

WAT has no franchising activities.

Investments

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

WAT has no investments activities.

Other (upstream)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

6.77

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

GHG emissions from water supply and domestic wastewater treatment process in municipalities have been calculated and reported in this section. Water withdrawal amount, chemical oxygen demand (COD) of wastewater in our production plants, wastewater amount and emissions factors are taken from DEFRA Greenhouse Gas Reporting: Conversion Factors 2022 published by UK Government. are used to calculate the GHG emissions. All calculations are completed in accordance with ISO 14064-1:2018 and verified in accordance with ISO 14064-3:2019 standards.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

In our assessment, we have not identified any other relevant downstream scope 3 emissions.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1 2021

End date

December 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)

36666.24

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

219

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

2235.11

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

52626591.18

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

6.82

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 2

Start date

January 1 2020

End date

December 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)

27278

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

164.25

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

2235.11

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

23991682.28

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

5.71

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 3

Start date

January 1 2019

End date

December 31 2019

Scope 3: Purchased goods and services (metric tons CO2e)

21210.22

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

127.71

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

2235.11

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

30334022.98

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

5.07

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C-CG6.6

(C-CG6.6) Does your organization assess the life cycle emissions of any of its products or services?

	Assessment of life cycle emissions	Comment
Row 1	No, but we plan to start doing so within the next two years	<p>- Motor and component business: Our motors are made up of 97% recyclable content. Through high-tech designs that require less maintenance and produce lower vibrations, we contribute to extending the motor's lifespan. Moreover, we are aware that calculating Life Cycle Assessment (LCA) emissions presents opportunities to enhance environmentally sensitive designs and develop a circular business model.</p> <p>By conducting an LCA study, we aim to assess the comprehensive environmental impacts of our products. This will enable us to explore content modifications, modelling efforts that involve valuable raw materials in the product's lifecycle and establish targets for improving stages with high emission impacts. Following ISO 14044 standards, we will expand the scope of this study by comparing different efficiency classes across various dimensions.</p> <p>To achieve this, we have initiated a scientific motor LCA project in collaboration with a competent university (TÜBİTAK Project - 2023). This project will calculate embedded carbon in motor runner products and propose suggestions for a circular economy model, contributing academically to the industry and setting benchmarks.</p> <p>-EV Charger business: EV Charger is a product that directly contributes to carbon-zero goals. To access LCA-based design capabilities and develop more eco-friendly products, WAT has established the LCA Tribe department within the EV Charger business. Research activities have been initiated, and in the coming period, we will develop goals, work plans, and strategies based on identified risks and opportunities.</p>

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000002574

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

4397.76

Metric denominator

unit total revenue

Metric denominator: Unit total

1708293776

Scope 2 figure used

Location-based

% change from previous year

51.85

Direction of change

Decreased

Reason(s) for change

Other emissions reduction activities

Please explain

Scope 1 and Scope 2 greenhouse gas emissions per revenue decreased by 51.85% in 2022 compared to the previous year. The main reason for this decrease is an increase in revenue (204%). In addition to those 33 projects to decrease energy consumption and increase energy efficiency have been realised.

Intensity figure

0.001919181

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

4397.76

Metric denominator

Other, please specify (production motor kwh)

Metric denominator: Unit total

2291479.94

Scope 2 figure used

Location-based

% change from previous year

6.09

Direction of change

Decreased

Reason(s) for change

Other emissions reduction activities

Please explain

Scope 1 and Scope 2 greenhouse gas emissions per revenue decreased by 6.09% in 2022 compared to the previous year. The main reason for this decrease is an increase in our production (104.62%). In addition to those 33 projects to decrease energy consumption and increase energy efficiency have been realised.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	1557.29	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1.88	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	5.42	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Turkey	1564.59

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary Combustion	1308.53
mobile combustion (transport)	251.84
Chemicals	4.22

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Turkey	2833.17	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Office Activities	31.16	0
Production Process	2802.01	0

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

This is our first year of reporting, so we cannot compare to last year

C-CG7.10

(C-CG7.10) How do your total Scope 3 emissions for the reporting year compare to those of the previous reporting year?

This is our first year of reporting

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	6681.04	6681.04
Consumption of purchased or acquired electricity	<Not Applicable>	6720.05	0	6720.05
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	6720.05	6681.04	13401.09

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Sustainable Biomass" is not consumed.

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Other biomass" is not consumed.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Other renewable fuels" is not consumed.

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Coal" is not consumed.

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Oil" is not consumed.

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

6553.37

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Natural Gaz, LPG and acetylene are consumed for production.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

"Other non-renewable fuels" is not consumed.

Total fuel

Heating value

LHV

Total fuel MWh consumed by the organization

127.68

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

Total fuel consumption is used for generators in emergency cases, if needed.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

6721

Tracking instrument used

Other, please specify (Turkish National Renewable Energy Guarantees of Origin System (YEK-G))

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or re-powering)

2013

Comment

YEK-G System, from sectors and organizations with high electricity consumption to individual users, aims to promote the use of renewable energy sources, protect the environment, and make renewable energy accessible to everyone. Energy Markets Operation Inc. (EPIAŞ) has designed this system by leveraging blockchain technology to track the entire process of electricity generation from producers to consumers.

The entirely voluntary and domestically developed YEK-G system was launched on June 1, 2021.

With the YEK-G System, consumers can contribute to environmental protection while gaining information about the source of their purchased energy and having the option to choose among different electricity products.

In 2022, WAT documented its purchased electricity with green energy certificates. The consumption covered by the certificate was supplied from the 'Çambası RES and HES' renewable energy plant, which has a total installed capacity of 44.1 MW.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Turkey

Consumption of purchased electricity (MWh)

6720.05

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

6720.05

C-CG8.5

(C-CG8.5) Does your organization measure the efficiency of any of its products or services?

	Measurement of product/service efficiency	Comment
Row 1	No, but we plan to start doing so within the next two years	<p>WAT has established a mobile test system to compare the real-time power consumption and efficiency performance of its products. With this test system, it becomes possible to simultaneously compare the power consumption and efficiency performance of two motors. The importance of energy efficiency lies in the fact that electric motors, which have the highest share in industrial electricity consumption and hold significant importance for emission reduction targets, can be replaced with high-efficiency ones, leading to considerable gains. The feasibility studies for such replacements are facilitated by this testing capability, providing ease and convenience.</p> <p>Additionally, WAT aims to share this test equipment as a demonstration tool for universities, seminars, and collaborations with different partner institutions. By doing so, WAT intends to create opportunities for benefiting from the test system in projects involving UNDP (United Nations Development Programme) and TEVMOT (Project for Promoting Energy Efficient Motors in Small and Medium-sized Enterprises (SMEs) in Turkey). This collaborative approach will further contribute to promoting energy efficiency, sustainability, and environmental protection across various sectors and initiatives.</p>

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

9569.06

Metric numerator

ton

Metric denominator (intensity metric only)

% change from previous year

9.81

Direction of change

Increased

Please explain

WAT's total waste generation, including plastic and metal scraps, packaging waste, and hazardous waste, increased by 9.81% due to its efforts to expand production capacity and introduce new processes for more efficient products. Despite the rise in waste production, WAT closely monitors waste levels monthly and analyses the increases. With a focus on waste reduction activities and close monitoring of outputs, WAT managed to keep the overall change below 10%.

- 2022 Waste Quantity (tons): 8714.41
- 2021 Waste Quantity (tons): 9569.06
- % Change: (Increase) 9.81%

Description

Energy usage

Metric value

13401.9

Metric numerator

MWh

Metric denominator (intensity metric only)

% change from previous year

4.59

Direction of change

Decreased

Please explain

In the reporting year, when evaluating the total energy consumption from WAT's production facilities, despite a 4.96% increase in total production in terms of kWh, the implementation of energy efficiency projects and energy management system activities enabled a reduction of 4.59% in the overall energy consumption.

- 2022 Energy Consumption (MWh): 13,401.094
- 2021 Energy Consumption (MWh): 14,045.460
- % Change: (Decrease) 4.59%

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	<p>WAT is positioned as a company that contributes to global goals and visions for the world's existence. In an era of increasing climate crisis, minimising climate risks and supporting global efforts are of utmost importance. Low-carbon technologies, products, services, and initiatives are crucial to achieving these objectives, and WAT stands at the forefront. Recognising that our main contribution lies in mitigating climate change and progressing towards a low-carbon society, we view it as our primary opportunity to combat climate change.</p> <p>WAT is fully aware that our products developed under the "Products for fit-for-55" scope, which focus on energy efficiency and resource conservation, will witness growing demand in the future. As a result, we consider every R&D investment as an opportunity to minimise risks and seize potential opportunities. Our commitment to developing energy-efficient and sustainable solutions aligns with the global vision for a greener and more resilient future.</p> <p>R&D expenditure of 56,457,048.97 TL during the reporting year. Notable projects and activities include:</p> <ul style="list-style-type: none"> - Mobility and Automotive Solutions (Rakun mobility, Mobility Product Family) - EV Charger Projects - IE3-IE4 and IE5+ EC Motor Topologies (QN IE3 Platform, QH and QHS Compact Motor Projects) - Renewable Energy Components and Partnerships - Motion Control Systems - Regulatory Compliance - Investment in Technology

C-CG9.6a

(C-CG9.6a) Provide details of your organization's investments in low-carbon R&D for capital goods products and services over the last three years.

Technology area

Electromobility components

Stage of development in the reporting year

Pilot demonstration

Average % of total R&D investment over the last 3 years

33

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

18785543

Average % of total R&D investment planned over the next 5 years

20

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

- Electric vehicle and charging technologies are still evolving and changing rapidly. Therefore, especially in long-term investments, it is critical to make plans that align with technological developments and create roadmaps accordingly. At WAT, we consider R&D activities and the workforce involved in these activities as essential in taking steps towards technological competitiveness and investment planning. EV Charger Projects create a holistic ecosystem of complementary products that directly contribute to carbon-zero targets.

In target markets, especially in Turkey, offering products that comply with regulations set by authorities and align with customer usage habits while remaining cost-competitive is crucial for success. Parameters such as energy measurement/calibration, payment systems, communication protocols, vehicle battery architectures, and data security play important roles in achieving this goal. Additionally, mechanical design focuses on creating products that can perform continuously at full capacity under outdoor conditions and can be protected against vandalism.

Working in the field of power electronics, ensuring high-power transfer in the same volume and effective cooling are also key areas of focus. Additionally, the ability to remotely track, analyse, and control devices, as well as expertise in IoT and cloud services, are essential. Providing superior performance in terms of customer experience and creating a reliable network are among our capabilities. Integrating device operations with various software infrastructures of institutions enables us to support different business models and scenarios. Integrations with company financial processes, customer relationship management systems, resource management platforms, and human resources processes will enable us to support a wide range of operations.

At WAT, we have planned to create a team that supports activities in various disciplines such as software and hardware design engineering, power electronics, mechanical design, testing and validation, and thermodynamics.

- Mobility and Automotive Solutions: R&D activities include starting the automotive journey with Rakun, mobility product family, heavy commercial applications, electric steering motor, pump motor, and other system solutions.

Technology area

Other, please specify (Low-carbon product or service, IE3-IE4-IE5+ and EC Asynchronous motors and drives)

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

37

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

20937985

Average % of total R&D investment planned over the next 5 years

55

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

WAT's sustainability vision involves conducting research and development activities with two R&D centers and competent engineering capabilities to create the most competitive products in the industry. These eco-efficient products and system solutions provide tangible benefits for energy efficiency, emission reduction, and resource efficiency in the industry, which are crucial for achieving global climate goals. One of WAT's most significant contributions to this goal is through its 'Products for fit-for-55'

strategy, which involves R&D activities to reduce and decarbonise embedded carbon emissions during the entire industrial life cycle, based on technological capabilities. Over 80% of R&D budget for 'Low-carbon product or service' is allocated to developing the eco-efficiency portfolio, which includes products, systems, solutions, environmentally friendly material alternatives.

The Total R&D expenditure of 56,457,048.97 TL during the reporting year. The 37% of the budget (20.937.985 TL) was allocated for notable projects and activities, including:

- QN IE3 Platform: Focuses on improving electrical and mechanical design in motor topology to create a competitive and low carbon product series. The QN series offers higher power density, reduced material consumption, compact size, and improved energy efficiency.
- QH/QHS Projects: Aim to achieve high efficiency in smaller-sized motors, resulting in better resource usage and energy efficiency. These projects contribute to reducing packaging materials, transportation costs, and direct and indirect emissions. The R&D contribution that creates value for the QH Platform is the ability to design and offer multiple requests for motors with different frequency and voltage values under a single product.
- IE3-IE4 and IE5+, EC Motor Topologies: Lead the industrial sector in promoting high-efficiency motor topologies with advanced design achievements. These products are envisioned to shape tomorrow's market and hold critical importance for climate targets. They are considered as the products of the future, as the demand in the market is expected to increase steadily.
- Compliance: Ensuring compliance with international regulations in design and realisation and certification.
- Investment in Technology: Collaborating on projects like Horizon, academic partnerships, and market-driven improvements, including investments in the new test laboratory and R&D activities for advanced technology products.

Technology area

Renewable energy

Stage of development in the reporting year

Small scale commercial deployment

Average % of total R&D investment over the last 3 years

1.1

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

6339402.27

Average % of total R&D investment planned over the next 5 years

5

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Renewable Energy Partnerships & Commercial: Initiatives to collaborate in the renewable energy sector, focusing on application-oriented solutions like yaw-pitch-ec for system solutions. R&D efforts for the implementation of high-energy-efficient PM motors in wind energy systems.

Technology area

Machinery automation

Stage of development in the reporting year

Pilot demonstration

Average % of total R&D investment over the last 3 years

29

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

16099581

Average % of total R&D investment planned over the next 5 years

15

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Motion Control: R&D projects focus on increasing control capabilities of products, such as servo motors, drives, industrial solutions, and AGVs, to become a technological partner in the industry.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

Page/ section reference

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

WAT Motor_14064 VOS FINAL_for 2022.pdf

Page/ section reference

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Scope 3: Waste generated in operations

Scope 3: Business travel

Scope 3: Use of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

Page/section reference

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Change in Scope 1 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C6. Emissions data	Change in Scope 2 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C6. Emissions data	Change in Scope 3 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C4. Targets and performance	Change in Scope 1 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C4. Targets and performance	Change in Scope 2 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C4. Targets and performance	Change in Scope 3 emissions against a base year (not target related)	ISO 14064-3	WAT, ISO 14064-1 standard application procedures and instructions, GHG inventory management procedures, calculation methodology, uncertainty and significance calculations, GHG emission data, comparisons, and GHG reduction performance of energy efficiency projects are included in the "WAT Greenhouse Gas Emissions Report" (base year and 2022), which is submitted to an independent verification organisation. In these reports, changes in Scope 1&2&3 emissions compared to the base year have been verified. WAT Motor_14064 VOS FINAL_for 2022.pdf
C8. Energy	Energy consumption	ISO 50001	The energy consumption data has been approved by a third-party accredited organisation in accordance with the ISO 50001:2018 standard. ENMS 784758 - 001..pdf
C8. Energy	Emissions reduction activities	Renewable Energy Certificate (YEK-G)	The improvements in reducing emissions from electricity consumption data have been based on the emissions calculation for electricity sourced from renewable energy, which is certified with Renewable Energy Certificate (YEK-G). WAT MOTOR YEKG.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

In Turkey we operate, there are currently no carbon pricing mechanisms, and therefore, we do not have any obligations under such mechanisms.

However, carbon pricing mechanisms are becoming more widespread over time. For instance, the Carbon Border Adjustment Mechanism (CBAM), a regulatory system that applies a cost equivalent to the carbon expenses incurred during the production of commercial goods within the European Union (EU) to goods imported into EU countries, will be implemented in Turkey starting from October 1, 2023. The implementation will begin with a three-year transition period and will cover six sectors, none of which include the sector in which WAT operates.

There is a risk of changes in WAT's raw material prices due to policy-based carbon pricing mechanisms such as ETS, CBAM, and carbon taxation affecting our suppliers. In response to this, WAT conducts evaluations to assess the financial impacts and anticipate risks. To manage potential obligations, WAT will focus on implementing measures to reduce greenhouse gas emissions. For example, this includes low-carbon investment choices, increasing energy efficiency, and investing in the 'Products for Fit for 55' product design strategy.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect other climate related information at least annually from suppliers

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

As WAT, we make self-assessment mandatory for all new suppliers. We carry out a supplier evaluation process in order to start our collaboration with our candidate suppliers. In line with our goals and strategies in the supply chain process, candidate suppliers go through the Supplier Assessment Process. During this process, we evaluate our suppliers, with whom we have not reached the contract stage, in terms of the requirements of national and international regulations.

With the aim of our sustainable supply chain principles, a survey is conducted to ensure 100% compliance with regulations, WAT procedures, and our environmental policy, ensure continuity in product and material procurement, and also to improve both our sustainability goals and the performance of our suppliers.

We recognise the importance of collaboration with our suppliers, customers, and stakeholders to establish partnerships in achieving our sustainability objectives and contributing to the global agenda for a sustainable world.

Impact of engagement, including measures of success

WAT guarantees 100% compliance of its candidate suppliers with environmental and social issues with the Supplier Assessment Process it conducts. In this way, it prevents reputational risks and eliminates the possibility of cooperating with an industry that is socially and environmentally harmful to society and the ecosystem.

Comment

WAT continue this process with its supplier throughout the time it is in collaboration.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect other climate related information at least annually from suppliers

% of suppliers by number

26

% total procurement spend (direct and indirect)

77

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Within our supplier evaluation system, we calculate sustainability indices and ESG status that include water management and related inquiries based on the responses collected from suppliers. We use community-based monitoring, which tracks the supplier's compliance with legal requirements through both remote and on-site audits. The analysis, sustainability index scorecard calculation, and action plan for the supplier are provided in collaboration with a third-party expert organisation. The evaluation results and action plan based on this index are shared with the supplier. If there are no disqualifying factors in the assessment, a corrective-preventive action process is carried out for suppliers in the medium to high-risk categories. The action plan clearly outlines the corrective measures and expectations. In necessary cases, off-site audits are repeated. Supplier development is systematically monitored.

Impact of engagement, including measures of success

We recognise the critical importance of decarbonising the supply chain to achieve our NetZero 2050 commitments. Therefore, as of 2022, we have begun the process of obtaining long-term environmental commitment from our suppliers to set greenhouse gas emission, water, waste, and energy efficiency targets.

At WAT, our supplier contracts prioritise quality, ethics, and environmental considerations. We conduct self-assessment audits to ensure that our suppliers align with our principles. Our extensive network includes 222 suppliers (tier 1 and tier 2) across 18 countries. The sustainability risk assessments for our suppliers are carried out by a third-party expert firm. As part of our Data Monitoring and Improvement Project, in collaboration with Arçelik, we focus on critical suppliers who have a significant impact on our operations. In 2022, we identified 58 critical suppliers, representing 26% of all our suppliers and accounting for 77% of our purchasing volume. Currently, we collect data from 58 suppliers to manage their impact on our operations and the environment. We encourage water-related data reporting to promote responsible water management throughout our supply chain. Among the evaluated suppliers, 58 of them have been assessed for their ESG status and sustainability index. Additionally, 47 suppliers have implemented ISO 14001 systems, and 32 have ISO 50001 systems in place. To enhance their compliance, we have developed a comprehensive action plan.

Comment

As part of WAT's sustainability journey, creating value in the supply chain is considered a fundamental aspect, and the company attaches great importance to its interactions in this regard. WAT conducts environmental and social audits for its suppliers and takes necessary actions based on the audit findings. In 2022, approximately 77% of WAT's financial volume consisted of approved suppliers, while the remaining 23% of suppliers not included in the advanced evaluation process were subject to legal requirements and compliance assessments. This way, WAT operates an assessment system for all its suppliers. Action requests are shared with the suppliers, guiding them towards climate, sustainability, water risks, and social principles to enhance their supplier services. It is essential to note that any ethical or legal non-compliance found in suppliers can lead to the termination of collaboration.

*Service provider suppliers are included in the initial suitability evaluation scope, but they are not included in the "percentage by supplier count" and "percentage of total procurement spend (direct and indirect)" metrics.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing	Share information about your products and relevant certification schemes (i.e. Energy STAR)
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% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

Increasing customer awareness about energy consumption, efficiency, and the importance of energy-saving products is a priority for WAT. Through printed and visual materials, social media, visits, fairs, seminars, and conferences, we raise awareness about the role and significance of energy efficiency in combating climate change. All our customers are part of this engagement, with access to detailed product information, energy consumption data, and efficiency values through user manuals, our website, and product labels.

The Scope 3 emissions resulting from the use of our products during their lifecycle are 100% reported in C6.5. WAT differentiates itself in the market by developing 'Products for fit-for-55' strategies, offering designs that reduce environmental impact while reducing our own footprint and providing customers and users with opportunities to reduce their environmental impact through product usage. By offering efficient solutions alongside our products, we enhance brand visibility, reputation, sales, and revenue.

As a leader in its technology and green industry transformation within its local context, WAT also holds an export leadership position in Turkey's industrial motor market. WAT's business area also covers the renewable energy, motion control systems, mobility, and EV charging infrastructure sectors. Through our product sales in these fields, we contribute to combating global risks such as the climate crisis, energy crisis, and resource scarcity.

At WAT, sustainability is an integral part of all our business processes, and we view increasing consumer and industrial awareness about climate change as a mission. Our goal is to increase sales of high-energy-efficient, high-quality, and high-performance products, expand our EV Charger unit sales to achieve zero carbon targets, and expand our market share by strengthening collaborations in this regard.

Impact of engagement, including measures of success

WAT recognises that its sustainability vision, commitments, and goals will have a significant financial impact on the company. To achieve and maintain our greenhouse gas reduction targets, WAT will continue designing energy-efficient products, conducting life cycle assessments to reduce embedded carbon through R&D projects, increasing R&D resources, expanding production capacity, sales networks, and promoting the use of renewable energy sources. Additionally, investments in energy efficiency projects throughout the production process and enhancing supply chain sustainability are crucial. Such initiatives may lead to higher costs per product and considerable investments that cannot always be entirely passed on through price increases.

To assess the impact of our customer engagement and measure the success of our sustainability efforts, WAT uses KPIs such as below:

- Energy-Efficient Product Adoption Rate: Shows the increase in customers choosing WAT's energy-efficient products, indicating the success in promoting energy efficiency. (2022: 14.79% increase in sales of energy-efficient products).
- Customer Satisfaction with Sustainability Initiatives: Feedback from customers helps evaluate their satisfaction with WAT's sustainability efforts.
- Energy Savings: Tracks total energy savings from WAT's energy-efficient products, quantifying the positive environmental impact. (2022: 7.54% reduction in carbon emissions from the product use phase).
- Reduction in Scope 3 Emissions: Monitors the percentage reduction in Scope 3 emissions resulting from product use, indicating progress towards greenhouse gas reduction goals. (2022: 7.55% reduction in carbon emissions).
- Percentage of Customers Engaged in Joint Sustainability Projects: Measures customer involvement in joint sustainability initiatives, showcasing the success of collaborative efforts. (2022: 2% of customers engaged in joint projects).
- Sustainable Products Market Share Growth: Monitors expansion in WAT's market share for sustainable products, demonstrating success in meeting customer needs. (2022: Diff. 9.34% increase in share of energy-efficient products).

Through continuous evaluation and optimisation of these KPIs, WAT can measure the effectiveness of sustainability engagement and progress towards its goals while maintaining financial viability.

Type of engagement & Details of engagement

Collaboration & innovation	Collaborate with customers in creation and review of your climate transition plan
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% of customers by number

2

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

The rationale for selecting this group of customers and the scope of engagement lies in WAT's strong belief that collaborating with our customers and their customers can lead to additional contributions in achieving global sustainability goals. We actively seek to engage and interact with them, sharing best practices, reviewing market demands, and voluntarily participating in initiatives related to climate action and sustainability.

In our customer interactions, we emphasise the future benefits of our products, market evaluations, and long-term provisions. Moreover, we recognise the importance of sharing information and practices related to global climate goals, sustainability strategies, environmental performance, and compliance with international regulations. These interactions encompass various valuable aspects, including perspective dialogues, the design of code of conduct measures, and verification efforts.

By involving all stakeholders in the review of climate transition plans, we believe that more effective and comprehensive strategies can be developed. We are committed to fostering a holistic approach that benefits all parties involved.

Additionally, we are always open to supporting customers who wish to implement their Supplier Development Plans, responding positively to their initiatives. We actively participate in assessing climate change-related risks and opportunities, benchmarking best practices, and collaborating on requested development plans.

Impact of engagement, including measures of success

The impact of these engagements, including measures of success, can be multifaceted. It may lead to differentiated customer demands and potentially result in additional

investments and costs for WAT. However, we firmly believe that the positive outcomes, such as strengthened partnerships, increased market presence, and alignment with sustainable practices, far outweigh the challenges we might encounter. Through these interactions, we aim to foster a more sustainable future for both our business and the wider community.

In assessing the progress towards WAT's sustainability goals and understanding the value of our interactions with customers, we use various metrics that include:

- Customer Engagement: This metric assesses the level of customer participation in climate-related activities. It includes criteria such as attendance at customer meetings, providing feedback, participation in joint projects, or the number of sustainability-related requests.
- Education and Awareness: The effectiveness of educational programs provided to customers and their level of awareness regarding sustainability can be used to measure the success of our interactions.
- Adoption of Practices: The rate at which customers embrace sustainability practices and integrate them into their business strategies is a critical measure reflecting the impact of interactions. For instance, the compliance rate of environmentally-focused customers has been evaluated at around 90-95% for us.
- Innovation and Improvement: The capacity of interactions with customers to bring forward innovative ideas and improvement suggestions aligned with WAT's sustainability goals can be measured. This may include proposals for new solutions, product enhancements, or efficiency improvements.
- Mutual Benefit and Long-Term Collaboration: The potential for interactions with customers to lead to long-term collaborations, along with the mutual benefits achieved through shared objectives, can be included as success metrics.

These metrics can be employed to assess the success of WAT's customer interactions and continually enhance related processes. Furthermore, these criteria serve as a guide for WAT in establishing stronger collaborations with customers who contribute to the sustainability vision.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

WAT is keen to participate in climate change mitigation projects. To achieve this, we maintain close relations with relevant government agencies, continuously assessing opportunities for contribution.

WAT is a project partner in the "Promoting Energy-Efficient Motors in Turkey" (TEVMOT) project, conducted by the Turkish Ministry of Industry and Technology, the Global Environment Facility, and UNDP Turkey. With 58 years of product and industry experience, along with advanced technological infrastructure, WAT actively contributes to this initiative aimed at driving market transformation in Turkey by promoting energy-efficient motors, increasing demand for such motors, and replacing old and inefficient electric motors with more efficient ones. The project seeks to encourage significant additional investments in energy efficiency.

Moreover, one of WAT's Board of Directors members leads the Industry Policies Roundtable Meeting of the Turkish Industry and Business Association (TÜSİAD), engaging in various activities related to green and sustainable production, digital transformation in industries, Industry 4.0 applications, transparent supply chain management, and production-technology-design-research using augmented reality. The same Board of Directors member is also part of the World Economic Forum's Advanced Manufacturing Systems Working Group, working towards green transformation in manufacturing systems. Furthermore, the CEO of WAT chairs the Electrical Motors Manufacturers' Association (EMOSAD) Board, actively contributing to the industry's growth and development.

For WAT, collaboration is crucial to share comprehensive experiences in technology, production, and research fields. We strive to strengthen partnerships with key industries, NGOs, ministries, science and industry associations, universities, and research institutions to enhance our contributions to climate-related matters. As a step towards this, our CEO was a speaker at the "Eco-Climate Economy and Climate Change Summit" held at ATO Congressium in 2022. The presentation titled "Smart Algorithms and Climate Change" aimed to explore the impact of climate change on the economy, raise awareness about climate change and green transformation. The presentation covered insights and experiences related to the relationship between population growth and global CO2 emissions, the influence of human activities on climate and biodiversity, the role of high-tech manufacturing and algorithms, and the use of smart algorithms in electric motor production to support the proper utilisation of natural resources.

We will continue to engage and collaborate with all partners in our value chain to further increase our contributions to global climate goals. In pursuit of this, we are following a stakeholder engagement plan.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization’s purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

As WAT, we strive to offer products that are designed and manufactured with environmental responsibility in mind. To achieve this, we ensure that all components, materials, and raw materials used in our products are managed in accordance with legal regulations, WAT procedures, and our environmental policy. This is done to prevent the use of harmful chemicals that may be detrimental to the environment and human health, potentially negatively affecting global climate goals.

To this purpose, we have developed the WAT Restricted/Substance List and WAT Chemical Compliance Specification, which are essential parts of our environmental expectations from our suppliers. These specifications not only communicate the conditions for meeting regulatory obligations but also share the requirements and control methods for achieving 100% compliance.

Suppliers who do not comply with these regulations are engaged in an information-sharing process, and our policies guide them towards achieving compliance to become our trusted partners. Additionally, we verify the validity of their licenses through publicly accessible query platforms and conduct on-site inspections as part of our sampling process. Critical suppliers and service providers are subject to on-site audits to authenticate the compliance indicators they have shared. This mechanism ensures an additional layer of control and assurance in our operations.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

- Supplier self-assessment
- Off-site third-party verification
- Supplier scorecard or rating
- Other, please specify (On-site assessment and community based monitoring)

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

Retain and engage

Climate-related requirement

Climate-related disclosure through a non-public platform

Description of this climate related requirement

- We use community-based monitoring, which tracks the supplier’s compliance with legal requirements through both remote and on-site audits.
- We make self-assessment mandatory for all new suppliers.
- Within our supplier evaluation system, we calculate sustainability indices and ESG status that include water management and related inquiries based on the responses collected from suppliers. The analysis, sustainability index scorecard calculation, and action plan for the supplier are provided in collaboration with a third-party expert organisation. The evaluation results and action plan based on this index are shared with the supplier. If there are no disqualifying factors in the assessment, a corrective-preventive action process is carried out for suppliers in the medium to high-risk categories. The action plan clearly outlines the corrective measures and expectations. In necessary cases, off-site audits are repeated. Supplier development is systematically monitored.

% suppliers by procurement spend that have to comply with this climate-related requirement

77

% suppliers by procurement spend in compliance with this climate-related requirement

26

Mechanisms for monitoring compliance with this climate-related requirement

- Supplier self-assessment
- Off-site third-party verification
- Supplier scorecard or rating
- Other, please specify (On-site assessments)

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

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, but we plan to have one in the next two years

Attach commitment or position statement(s)

<Not Applicable>

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

We actively interact with public policy, both directly and indirectly, in line with the industry's green transformation, global development goals, climate commitments and climate transition plan.

Our contributions extend to development goals, energy efficiency law regulations, environmentally conscious design regulations for electric motors, EV charger station regulations and operations, and science-based academic research in the industry. With our leadership position, two R&D centers, technical capabilities, and nearly 60 years of experience, we contribute significantly to these areas.

A BoD member at WAT leads the Industry Policies Roundtable Meeting of the Turkish Industry and Business Association (TÜSİAD), actively engaging in green and sustainable production, digital transformation in industries, Industry 4.0 applications, transparent supply chain management, and production-technology-design-research using augmented reality. The same board member is part of the World Economic Forum's Advanced Manufacturing Systems Working Group, promoting green transformation in manufacturing systems. Moreover, WAT's CEO chairs the Electrical Motors Manufacturers' Association (EMOSAD) Board, playing an active role in the industry's growth and development.

Our CEO is an experienced climate expert and has been a Board Member of TÜBİTAK since 2018. They have held key leadership positions in international companies and pioneered initiatives like co-generation, absorption chiller, and heat pump technologies, earning Turkey its first awards in this field. In 2022, they spoke at the "Eco-Climate Economy and Climate Change Summit," highlighting the impact of climate change. In addition, the CEO presented "Smart Algorithms and Climate Change" at the "Eco-Climate Economy and Climate Change Summit" in 2022. The presentation aimed to explore the impact of climate change on the economy, raise awareness about climate change and green transformation. It covered insights related to population growth and global CO2 emissions, human activities' influence on climate and biodiversity, the role of high-tech manufacturing and algorithms, and the use of smart algorithms in electric motor production to support the proper utilisation of natural resources.

We are committed to engaging and collaborating with all partners in our value chain to further enhance our contributions to global climate goals. Our stakeholder engagement plan guides us in this pursuit.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

- Energy Efficiency Law
- IEA, Energy-Efficiency Policy Opportunities for Electric Motor-Driven Systems
- UNEP, Accelerating the Global Adoption of Energy Efficient Electric Motors and Motor Driven Systems
- The Ecodesign Directive
- The Regulation (EU) 2019/1781
- Directive (EC) 640/2009
- DOE 10 CFR Part 431 - Subpart B
- Transformation of Electric Motors in Industry Programme (TR)

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Climate-related targets
Emissions – CO2
International agreement related to climate change mitigation
Low-carbon, non-renewable energy generation
Transparency requirements
Verification and audits

Policy, law, or regulation geographic coverage

Global

Country/area/region the policy, law, or regulation applies to

<Not Applicable>

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

TEVMOT is a project developed by the Ministry of Industry and Technology of the Republic of Turkey and the United Nations Development Programme (UNDP), supported by the Global Environment Facility (GEF). The project aims to promote energy-efficient motors in Small and Medium-sized Enterprises (SMEs) in Turkey.

Benefits provided by TEVMOT include:

- Free motor assessments, detailed reports, and efficiency recommendations
- Reduced electricity consumption and lower motor maintenance costs
- Environmentally friendly production
- Increased competitiveness through reduced carbon footprint
- SME Development Organization of Turkey (KOSGEB) incentives for motor purchases

WAT is a partner in the TEVMOT project. The project commenced its incentive-supported field activities in 2020 following its 2017 launch and continues to progress to enhance its effectiveness. UNDP, GEF, the Ministry of Science, Industry, and Technology of Turkey, the Ministry of Energy and Natural Resources of Turkey - General Directorate of Renewable Energy, and White Goods Manufacturers' Association of Turkey (TÜRKBESE) are also members of the project. The goal is to achieve a "market transformation" in Turkey by implementing new and energy-efficient motors, increasing the demand for such motors, and replacing old and inefficient electric motors. This will encourage significant additional investments in energy efficiency, thereby reducing local electricity consumption and greenhouse gas emissions.

As a project partner, WAT collaborates with EMOSAD on various aspects, such as motor technology, efficient motor selection, factors affecting efficiency, labelling, maintenance, rewinding, circular economy, pilot applications support, and test infrastructure support, providing insights and input.

We maintain a close relationship with relevant ministries in Turkey and contribute to the incorporation of global regulations into Turkish law. Through our participation, we encourage other companies in the sector to contribute as well.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

In today's world, with the increasing demand for energy, conducting activities focused on energy efficiency has become a necessity in every sector. Energy efficiency is a crucial component of competitiveness, economic development, and sustainable growth. To combat climate change and directly or indirectly reduce greenhouse gas emissions, it is essential for industrial businesses to invest in efficiency. According to the International Energy Agency, approximately 45% of global electricity consumption is consumed by electric motor systems, and motor systems account for around 65% of electricity consumption in the industry. In Turkey, about 35% of total electricity consumption occurs in the industrial sector. Unfortunately, many businesses continue to use energy-inefficient electric motors.

The motor transformation project aims to introduce energy-efficient motors, produced in compliance with international energy regulations and energy efficiency laws, to the industry, thereby contributing significantly to global climate targets and national climate action plans. This transformation will provide substantial support and alignment with Turkey's economy, contributing around 21 billion TL to the economy, 34 billion kWh energy saving, 14 billion ton CO₂ eq reduction per year and ensuring sustainability.

With this project, industrial facilities will be informed about energy efficiency laws, eco-design practices, and the importance of motor transformation, enabling them to consider these factors in their future investments.

At WAT, we are strong supporters of national and international climate policies and regulations that promote carbon reduction and savings. Implementing such measures aligns with our sustainability approach and serves as an inspiration for our climate transition plan.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (The Electrical Motors Manufacturers' Association (EMOSAD))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

For WAT Motor, collaboration is crucial to share comprehensive experiences in technology, production, and research fields. We strive to strengthen partnerships with key industries, NGOs, ministries, science-research and industry associations, universities, and research institutions to enhance our contributions to climate-related matters.

WAT Motor actively collaborates with EMOSAD and has contributed significantly to the establishment and activities of the association. Through our efforts, we have reached over 500 companies, making carbon reduction opportunities visible through inefficient motor replacement.

The Electrical Motors Manufacturers' Association (EMOSAD) was established in 2016, bringing together stakeholders in the electric motor sector to address industry-related issues and conduct professional studies. EMOSAD aims to develop the electric motor industry in Turkey, focusing on production techniques, energy efficiency, and technological advancements.

WAT Motor has been a significant contributor to the establishment and ongoing activities of EMOSAD, leading the energy-efficient motor transformation project in Turkey. Through our efforts, we have reached over 500 companies, making the carbon reduction opportunities achievable through inefficient motor replacement visible to industrialists.

Despite some progress, our country remains "energy-intensive" compared to developed nations. Energy intensity is closely tied to economic and industrial changes, energy consumption patterns, and efficiency measures. Reducing Turkey's energy intensity is vital for sustainable development.

The industry accounts for almost half of Turkey's net electricity consumption (47.2%), with electric motors responsible for over 70% of the electricity used in the sector. In other words, approximately 35% of our country's total net electricity consumption comes from electric motors in manufacturing. Therefore, upgrading low-efficiency electric motors used in the industry will significantly boost energy efficiency.

To achieve this, Turkey needs an effective motor transformation policy with standards, surveillance, testing, training, and incentives. Our collaboration with stakeholders and adherence to the "Energy Efficiency Improvement Program" contributes to this goal.

As part of our commitment to sustainability, WAT Motor is collaborating with EMOSAD to pioneer energy efficient motor transformation and support carbon reduction targets.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

30000

Describe the aim of your organization's funding

WAT was one of the founding members of EMOSAD, with strong support from the Ministry of Industry and Technology. As a facilitator, WAT brought together other competitor companies to establish the foundation. Additionally, WAT organized educational sessions on competition law for initial members and repeated these sessions to accommodate new member participation. WAT continues to provide significant support to EMOSAD in its management. The CEO of WAT chairs the EMOSAD Board, actively contributing to the industry's growth and development, while WAT personnel hold positions such as General Secretary and Customer Relationship.

EMOSAD is a member of MAKFED (Machinery Federation) and OAİB / MAİB (Machinery Export Union), making WAT an indirect member of these associations. EMOSAD is currently in the process of becoming a member of CEMEP for the Low and Medium Voltage Motor Section. Moreover, WAT sponsored a green-machinery event hosted by MAKFED that promotes energy-efficient and sustainable machinery.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

No publications with information about our response to climate-related issues and GHG emissions performance

Status

<Not Applicable>

Attach the document

<Not Applicable>

Page/Section reference

<Not Applicable>

Content elements

<Not Applicable>

Comment

We will publish our first sustainability report with the principles of GRI for our 2023 activities and progress.

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	UN Global Compact	<p>Koç Holding A.Ş., a signatory of the United Nations Global Compact, adheres to the ten principles of the Global Compact. As a Koç Holding company, WAT shapes its climate action principles and sustainability strategy in alignment with these principles.</p> <p>At the core of WAT's business model is creating long-term, sustainable value for Turkey, more than 30 other countries it serves, and the world. With almost 60 years of experience, two R&D centers, products contributing directly to climate change mitigation, agile transformation capabilities, impact, and leadership roles, WAT contributes to climate action and offers various opportunities in sustainability. To achieve this, WAT manages its sustainability structure within the framework of Koç Holding's publicly disclosed "Future. Together." partnership strategy approved by the Board of Directors.</p> <p>WAT Motor selected the 17th Goal of the United Nations, which emphasises the importance of multi-stakeholder partnerships for building sustainable communities for tomorrow, as its guiding principle, aiming to create the highest value through its existence, climate, and sustainability goals. WAT also established its own focus areas, including the climate action strategy and objectives.</p> <p>To enhance our support for global goals, we have embraced the following principles:</p> <ul style="list-style-type: none"> - Making global trends and risks arising from Sustainable Development Goals a permanent agenda, anticipating their impact on customer demands and expectations, and aligning our products and services accordingly. - Ensuring the alignment of innovation and digital transformation tools with our product and service strategy and climate goals. - Submitting targets and sharing them transparently with all stakeholders (SBTi 2023 target).-Improving stakeholder relationships and increasing interaction with stakeholders related to climate goals. Collaborating and - forming partnerships with other private sector organizations, civil society, government, and academia in joint platforms. - Transforming the value chain in line with our climate goals and sustainability priorities, establishing standard-setting and continuous improvement mechanisms. - Recognizing that sustainability challenges cannot be solved in isolation and taking the lead in multi-stakeholder initiatives to find collective solutions for major problems. <p>We understand that by integrating climate targets with sustainability and business dynamics and developing an inclusive management model with stakeholder participation, we will advance towards our goals.</p> <p>Our short-to-medium-term goals and initiatives include:</p> <ul style="list-style-type: none"> - Achieving SBTi, B-corp, GRI Standards, CSR, NFRD, IWP, and other certifications. - Reducing greenhouse gas emissions from our operations by 75% by 2030 (Scope 1&2). - Implementing energy-saving measures to decrease energy intensity by 10% in our production facilities by 2026. - Investing in renewable energy sources to cover 100% of our electricity needs by 2023 (already achieved).

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	No, and we do not plan to have both within the next two years	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	No, but we plan to do so within the next 2 years	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Value chain stage(s) covered

<Not Applicable>

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments	<Not Applicable>

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications	<Not Applicable>	<Not Applicable>

C16. Signoff

C-FI

(C-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.

WAT was a production factory under Arçelik until 2018. By the half of 2018, it was partially demerged from Arçelik, and Arçelik continued to be its mother company. In 2021, as part of its growth strategy and sustainability efforts to create value, WAT underwent a complete demerger from Arçelik and became a separate Koç Holding company, just like Arçelik. Building on the sustainability leadership experience of Arçelik in the industry, WAT rapidly established its systems and took responsibility for environmental sustainability, climate, water risks, and other ESG requirements.

WAT continues to collaborate centrally with Arçelik Purchasing Services to strengthen the success of sustainability efforts. This collaboration aims to contribute to the effective management of climate and water risks and includes sustainable supplier management, analysis, and evaluation, all of which will add value.

Together, WAT and Arçelik are committed to ensuring the effective management of climate and water risks, as well as creating shared value through sustainable practices in the procurement process.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Finance, Risk Management & Compliance Chief Officer (CFO &CRO)	Chief Financial Officer (CFO)

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 confirm below

I have read and accept the applicable Terms