

# Case study

## Arçelik A.S.



Energy efficiency &  
renewable energy  
Emissions reductions



**GICS SECTOR** Consumer Discretionary  
**ANNUAL REVENUE** US \$5,225,270,000<sup>1</sup>

|   |   |                                      |
|---|---|--------------------------------------|
| Emissions reduction target <sup>2</sup> | Absolute target—by 2020, 60% reduction and by 2040, 100% reduction of Scope 1 and 2 emissions from 2010 baseline. |                                      |
| Reported emissions (2014)               | Scope 1   | 64,888 metric tons CO <sub>2</sub> e |
|   | Scope 2   | 22,091 metric tons CO <sub>2</sub> e |
| Baseline emissions (2010)               | Scope 1   | 77,038 metric tons CO <sub>2</sub> e |
|   | Scope 2   | 80,687 metric tons CO <sub>2</sub> e |

**Arçelik discloses that it sees climate change** as both a key risk and opportunity for its business and has embedded climate change into the heart of its strategy. The company highlights that they focus on having a product line of household appliances that are as energy efficient as possible. It reports that it has set a 'net zero emissions' target for its domestic production plants by 2040, with an interim goal of a 60% reduction by 2020. Additionally, Arçelik notes that it anticipates setting a 'science-based target' in the next two years. The company reports that it aims to meet its targets through projects in energy efficiency and energy generated from renewable sources, as well as through carbon offsets to meet its 2040 goal. The company discloses that it plans to purchase 100% renewable electricity by 2020.

Despite there not being any immediate risks of a carbon price in Turkey, Arçelik has decided to use an internal price to help it achieve its aims. The company reports that it will introduce a 'carbon fee' based on the GHG emissions of each of its departments. Each corporate division will be required to contribute a sum of money to a company-wide carbon fund, their contribution will be proportional to what each is responsible for emitting. Using the revenue that the carbon fee generates, the fund will "invest in carbon reduction projects, such as energy efficiency, renewable energy, and similar environmental initiatives".

Arçelik did not disclose the value it uses to price carbon. The company's Sustainability Committee, headed by Arçelik's Chief Financial Officer, is ultimately responsible for the coordination of the carbon price and fund.

Arçelik's reported that its scope 1 and 2 emissions dropped 38% in 2014 from 2013 levels. Arçelik invested in several energy efficiency projects that cut 3,812 metric tons CO<sub>2</sub>e in 2014, accounting for about 7% of reductions achieved that year. The remaining 93% was due to the purchase of electricity generated by renewable energy sources. In 2014, 78% of the electricity Arçelik used came from renewable energy sources—compared with 28% in 2013 and 1% in 2012. It has done this through purchasing from renewable energy suppliers and is now considering possible renewable energy production investments. ▼

<sup>1</sup> All annual revenue in USD, 2016 disclosure year. Retrieved September 15, 2016 from Bloomberg terminal.

<sup>2</sup> Companies may have other emissions reduction targets in addition to those listed in these studies.