

Corporate Social Responsibility Approach

Sustainable use of the earth's limited resources is not only the responsibility of individuals, governments and non-governmental organizations (NGOs), but companies as well. Accordingly, the company carries out its activities with a view to create a more livable world for future generations.

The company's approach of "Corporate Social Responsibility" and responsibilities towards sustainable development encompass being sensitive to environmental and social issues and operating in full compliance with laws, ethical principles and human rights.

Inspired by the vision of its founder, the late Vehbi Koç, who stated, "I exist as long as my country exists," the company strives to fulfill its responsibilities together with its employees and business partners.

Arçelik A.Ş. publishes an annual "Sustainability Report," which complements its operations in economic, social and environmental areas. This report covers the company's efforts towards the development and production of innovative green products, improvement of social standards, delivering effective corporate governance, respecting human rights and ethical work principles in cooperation with all its stakeholders while also sustaining its profitability.



Corporate Governance Approach

Arçelik's corporate values and culture, ethical principles, good governance philosophy and business ethics principles provide guidance to employees in their day-to-day business activities.

In order for the company to achieve long-term productivity and success, it is imperative that it align its activities with the four key principles of corporate governance: accountability, responsibility, openness and transparency and equality, which build trust between stakeholders and institutions in accordance with internationally-accepted business norms.

Arçelik A.Ş. is aware of that fact that sound corporate governance lies in keeping promises made to the company's

stakeholders, especially investors, in order to continue to enjoy their trust and ensure stability. During meetings held with corporate investors, Arçelik has been able to observe the positive impact of its successful implementation of corporate governance principles. The company not only depends on its financial results and robust capital structure to achieve its profitability targets, but also on its corporate reputation, an important asset that has been established over many years.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Compliance with Corporate Governance Principles

The implementation of the Corporate Governance Principles, which were issued by the Capital Markets Board (CMB) on July 4, 2003 under decision number 35/835 and shared with the public in July 2003, is vital to the creditworthiness and financial standing of publicly-held companies. Arçelik A.Ş. has adopted these principles, which set a benchmark for good corporate governance. In accordance with CMB resolution No. 48/1588 and dated December 10, 2004, companies listed on the Istanbul Stock Exchange (ISE) must provide a report, as of 2004, detailing their compliance with the Corporate Governance Principles stated in their annual reports or corporate web sites (if any). In accordance with the aforementioned resolution, Arçelik has set up an in-house team to ensure compliance with these principles, and since 2004 the company has included compliance-related information in its annual reports and on its website. The company is continuing its efforts to ensure full compliance with the CMB's Corporate Governing Principles. The "OECD Principles of Corporate Governance," which were first published in 1999, were revised in 2004; in addition, the Capital Markets Board has updated its principles to align them with the 2004 OECD Principles of Corporate Governance. CMB's Corporate Governing Principles have been revised according to the "Communiqué Serial: IV, No: 56 on the Principles Regarding Determination and Application of Corporate Governance Principles," which was published in the Official Gazette dated December 30, 2011. Arçelik's Corporate Governance Principles Report 2011 has been prepared in accordance with the Communiqué Serial: IV, No: 56 and CMB's Corporate Governance Principles mentioned in the Communiqué Serial: IV, No: 57 which has amended the former.

As was mentioned in the material events disclosure published on July 30, 2010, Saha Corporate Governance and Credit Rating Inc. has upgraded Arçelik's corporate governance rating to 8.59 (85.91 percent) out of 10 points, up from 8.55 (85.53 percent) out of 10 points on August 1, 2011.

Our Corporate Governance rating has been evaluated under four categories: Shareholders, Public Disclosure & Transparency, Stakeholders and Board of Directors, which have been weighted according to the CMB's Corporate Governance Principles. The results are as follows:

Categories	Weight	2010 Rating	2011 Rating
Shareholders	0.25	8.87	8.87
Public Disclosure & Transparency	0.35	9.22	9.30
Stakeholders	0.15	9.52	9.52
Board of Directors	0.25	6.73	6.76
Total	1.00	8.55	8.59

You can access the report, which was prepared by Saha, on Arçelik's corporate governance rating on our company website at www.arcelikas.com.tr. Saha has made the following assessment in its report:

"In consideration of Arçelik's determination to implement corporate governance principles, its willingness to manage this process in a dynamic and continuous fashion and finally the improvements it has made during the period passed since the publication of the initial report, the corporate governance rating of the company has been upgraded and confirmed as above."

Our company has been listed on the ISE Corporate Governance Index since July 31, 2009.

Corporate Governance Principles Not Yet Implemented

Arçelik believes in the importance of fully complying with the CMB's Corporate Governance Principles. However, full compliance has not yet been achieved due to several reasons: challenges in implementing some of the principles together with ongoing discussions in Turkey and across international platforms on compliance with certain principles, and the failure of current markets and corporate structures to meet these principles in the proper manner.

A corporate governance action plan has been prepared concerning the areas that still need improvement as determined in the Corporate Governance Rating Report prepared by Saha. Efforts for full compliance with the CMS's Corporate Governance Principles have continued. Those CMB's Corporate Governance Principles which have been adhered to and those which have not yet been fulfilled are given in the following sections of this report.

Compliance Efforts within the Period

Arçelik A.Ş. has continued its efforts and made the following major improvements towards compliance with CMB's Corporate Governance Principles throughout 2011:

On March 22, 2010, the Board of Directors resolved that an in-house Corporate Governance Committee would be established in accordance with the Corporate Governance Principles issued by Capital Markets Board, which would observe the extent of the company's compliance, carry out improvement efforts and suggest policy positions to the Board of Directors. The Corporate Governance Committee has held three meetings in 2011.

The Risk Management Committee was formed by the Board of Directors resolution on July 16, 2010 in order to make proposals and recommendations to the Board of Directors concerning issues such as the identification of strategic, financial, operational and miscellaneous risks, the estimation of their impact and probability of occurrence, the management and reporting of them in accordance with the company's corporate risk-taking profile, their consideration in decision-making mechanisms and the establishment and integration of effective internal control systems. This Committee has held eight meetings in 2011.

The Investment and Business Development Committee was formed by the Board of Directors resolution on July 16, 2010 in order to generate ideas and strategies, coordinate the activities of concerned departments, make proposals and recommendations to the Board of Directors with the purpose of devising and planning new projects and investments across different areas of critical importance, and monitor the implementation of the agreed-upon strategies and projects. This Committee has held nine meetings in 2011.

Arçelik has also made followings throughout 2011 in order to comply with Corporate Governance Principles:

- The corporate website has been updated.
- The signed copy of the resolution made by the Board of Directors, which approved the annual report and consolidated financial statements dated December 31, 2010 have been included in said report.

Following the submission of a positive assessment by the Corporate Governance Committee to the Board of Directors, on June 28, 2010, Arçelik began to participate in activities carried out by the Capital Markets Work Group, which operates under the Corporate Governance Association of Turkey (TKYD), and has contributed to the drafting of TKYD's report concerning the updating of CMB Corporate Governance Principles in 2011.

Arçelik A.Ş. has also participated in activities carried out by the Corporate Governance Work Group and the Capital Markets Work Group, which operate under the Turkish Industry & Business Association (TUSIAD), and has contributed to the preparation of TUSIAD's views on issues such as corporate governance and capital markets legislation, to be submitted to CMB and shared with the public in 2011. In 2011 Arçelik A.Ş. also participated in training courses, seminars and presentations held by TUSIAD and TKYD on capital markets and corporate governance.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights

In exercising shareholders' rights, legislation, the articles of association and other in-house regulations have been applied, as well as necessary precautions to ensure such rights have been adopted and that all shareholders have been treated equally. Arçelik A.Ş. manages its relations with shareholders through the Assistant General Manager of Finance and Accounting. The primary objective of the company is to ensure that shareholders exercise their right to obtain information in a fair and transparent process. The company also allows its shareholders to exercise their rights, which they are entitled to as partners, fully and in the shortest amount of time possible. Major responsibilities include the following:

- Keeping the records of shareholders in a proper, secure and up-to-date manner,
- Responding to shareholders' oral or written queries for information regarding the company, excluding undisclosed information that is considered confidential and trade secret,
- Ensuring that the general shareholders' meeting is conducted in accordance with applicable legislation, articles of association and other in-house regulations,
- Preparing documents to be used by shareholders during General Shareholders' Meetings,
- Keeping records of voting results and ensuring that all reports related to resolutions of the General Shareholders' Meetings are delivered to shareholders,
- Observing and monitoring all issues regarding public disclosures, including applicable legislation and the company's disclosure policy,
- Attending meetings held at company headquarters as well as other local and international meetings organized by various organizations and informing investors of these meetings,
- Providing information to analysts who make assessments about the company,
- Responding to information requests made by academicians who carry out research about the company and industry,
- Preparing the content, both in Turkish and English, to be posted on the investor relations section of the company's corporate website (www.arcelikas.com); updating the page regularly, and ensuring that shareholders are able to access company information easily and quickly via the Internet,
- Providing information and announcements on the company's corporate website which would have an impact on the use of shareholders' rights,
- Filing material events disclosures with the ISE through the Public Disclosure Platform (PDP), in accordance with the CMB Communiqué Serial VIII, No: 54,
- Monitoring changes in the applicable legislation related to the Capital Market Law and bring these to the attention of concerned units in the company,
- Representing the company at the Capital Market Board, Istanbul Stock Exchange, and Central Registry Agency (CRA)

The company's Shareholders Relations Unit plays an effective role in safeguarding and facilitating the exercise of shareholders' statutory rights, especially concerning shareholders' rights to obtain and evaluate information.

Arçelik A.Ş. Shareholders Relations Unit consists of:

Dr. Fatih Kemal Ebiçlioğlu		
Assistant General Manager, Finance and Accounting	0212 314 31 00	fatih.ebiclioglu@arcelik.com
Bülent Alagöz		
Capital Markets Regulation Compliance Manager	0212 314 31 03	bulent.alagoz@arcelik.com
Turhan Sarı		
Capital Markets Regulation Compliance Specialist	0212 314 31 15	turhan.sari@arcelik.com
Fulya Kirayoğlu		
Investor Relations Specialist	0212 314 31 11	fulya.kirayoglu@arcelik.com

Fax : 0212 314 34 90
e-mail : yatirimciliskileri@arcelik.com - investorrelations@arcelik.com



Information about activities carried out in 2011 in order to provide detailed information to investors on the Company's operations are summarized as follows:

• Number of investor conferences held in Turkey and abroad	10
• Number of investors met with	260
• Number of teleconferences organized for the disclosure of 2010 year-end financial results and three quarters of 2011	4
• Number of press meetings organized in Turkey and abroad	5

1.2. Shareholders' Right to Obtain and Evaluate Information

Arçelik A.Ş. does not discriminate in any way when shareholders exercise their right to obtain and evaluate information. Every shareholder has the right to obtain and evaluate information.

In order to expand shareholders' rights to access information and ensure that they exercise their rights in a reliable manner, Arçelik A.Ş. maintains its financial statements and other related information and documents regularly and posts them, both in Turkish and English, on the company's corporate website (www.arcelikas.com).

During the 2011 period, information requests filed by shareholders have been answered orally or in writing in accordance with the provisions of the Capital Market Law, without giving preferential treatment to any shareholder. In 2011, Arçelik A.Ş. has carried out transactions on behalf of 46 shareholders who had not received their dividends and who had not participated in capital increases in previous years.

Under the PDP system, material event disclosures required to be submitted to the ISE along with financial statements and other company information are submitted in an electronic environment with electronic signatures.

Arçelik A.Ş. has dematerialized the company shares traded on the ISE by registering with the CRA, an agency established to monitor the dematerialization process of securities issued. Arçelik A.Ş. has also entered into an agreement with Yapi Kredi Yatırım Menkul Değerler A.Ş. for the execution of shareholder transactions vis-à-vis the CRA (Central Registry Agency). Arçelik A.Ş. operations are periodically audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, an independent auditing firm (a member firm of the Ernst & Young Global Limited), as well as by internal auditors elected during General Shareholders' Meetings. The Company Articles of Association do not contain any provisions that stipulate the appointment of a special auditor. The company has also not received any requests to appoint a special auditor during the period.

1.3. The Right to Participate in the General Shareholders' Meetings

In order to ensure attendance of maximum number of shareholders, announcements of invitation to the General Shareholders' Meetings are made through all available means of communication, including electronic media, at least three weeks in advance. This is in addition to the methods of invitation stipulated in the applicable legislation. Arçelik's Articles of Association allow for the aforementioned condition to be met.

Following an announcement of General Shareholders' Meetings, Arçelik A.Ş. posts the disclosures and announcements, which is required by the applicable legislation, on its corporate website and shares the following other information with its shareholders:

- a) The total number of shares and voting rights, which reflect the shareholding structure of the company, on the date of announcement,
- b) Changes in management and activities at the company or the company's subsidiaries and affiliates that would have a crucial impact on any activities, and which took place in the previous accounting period or are planned in the next accounting period, the justifications for these changes as well as the annual reports and annual financial statements of all the institutions which are parties to the said changes.
- c) In the event that the agenda of the general shareholders' meeting contains any items which stipulate the discharge, change or election of any members of the Board of Directors, the justification for these and information on the individuals who would be nominated for the Board of Directors,
- d) Requests of shareholders, Capital Markets Board (CMB) and/or other institutions and organizations related to the company for any items to be included on the agenda,
- e) In the event that the agenda of the general shareholders' meeting contains any items that stipulate for an amendment to any of the articles of association, the list of previous and current items to the articles of association alongside the relevant Board of Directors' resolution.

Concerning the fulfillment of the obligation stipulated in paragraph (c), résumés of individuals who shall be nominated for the Board of Directors; their employment history for the past ten years and reasons for leaving their prior employment; the nature and prominence of their relationships with the company and the company's affiliates;

whether they can be considered independent or not, and in the event that these individuals are elected as members of the Board of Directors, any similar concerns which would have an impact on the company's operations are shared with the public within one week of the announcement of the general shareholders' meeting.

All shares of the company's capital stock are nominative. An informative document regarding the agenda items shall be prepared and disclosed to the public on the company's corporate website prior to the general shareholders' meeting. General Shareholders' Meetings are held open to the public, including stakeholders and members of the media, provided that they do not have the right to speak at the meeting. The company has held one general shareholders' meeting in 2011. During the Ordinary General Shareholders' Meeting, which was held on March 23, 2011, during which the company's 2010 operations were discussed, of the 67,572,820,500 shares, 51,659,027,440 (76.45 percent) were represented. The company's shareholders (either in person or by proxy), stakeholders and members of the media attended the meeting. Representatives from several intermediary institutions and banks providing settlement and custody services also attended the meeting as observers. Most of the shareholders' questions were answered during the meeting; however, in cases when the question being asked was not related to the agenda or was too complicated to be answered during the meeting, the answers thereto were required to be provided in writing within 30 working days following the date of the meeting, at the latest.

- According to the Articles of Association, the General Shareholders' Meeting shall be announced at least three weeks in advance in two national newspapers, in the Turkish Trade Registry Gazette, and on the company's corporate website in an effort to reach the highest possible number of shareholders.
- All announcements comply with Corporate Governance Principles.
- Starting on the invitation date of the General Shareholders' Meeting, financial statements and reports, including the annual report, the proposal for dividend distribution, information on the agenda of the General Shareholders' Meeting, supplementary documents pertaining to the agenda, the current Articles of Association, the text and reasons of amendments, if any, to the Articles of Association are all made available to shareholders at the company headquarters and on the company's corporate website for the convenience and open review of shareholders.

- The company prepares a clear agenda of the General Shareholders' Meeting to avoid any ambiguities and misunderstandings. Such information consists of references and citations pertaining to the agenda items to be discussed.
- Specimen powers of attorney are announced and posted on the company's corporate website for shareholders represented by proxy.
- Voting procedure is announced prior to the meeting and shareholders are duly informed via the company's corporate website.
- During the General Shareholders' Meeting held on March 23, 2011, the company did not receive any requests from shareholders for any additional items to be included on the agenda.

Arçelik does not have any plans to make any significant changes in the company's management or operational organization in the coming future. Should there be any such plans, they shall be disclosed to the public pursuant to the applicable law.

The company holds its General Shareholders' Meetings at a minimum cost to its shareholders. In this respect, the company is also committed to implementing the simplest procedures so as to not encourage inequality among shareholders. Measures are taken to enable the easy participation of shareholders residing both in the country and abroad.

In addition, all documents that foreign shareholders may need in order to be informed about the General Shareholders' Meeting and agendas are translated into English and sent via the banks performing the barter and holding transactions of such shareholders and are also posted on the company's corporate website.

The company makes every effort to hold its General Shareholders' Meeting close to the city center for greater participation and convenience. The number of participants is tracked annually and the meeting venue is designated according to the number of participants. The Ordinary General Shareholders' Meeting was held on March 23, 2011 at the following location: Divan City, Büyükdere Cad. No: 84 Gayrettepe, Istanbul. The location of the General Shareholders' Meeting was easily accessible to all shareholders. Invitations to the General Shareholders' Meeting are issued by the Board of Directors according to the provisions of the Turkish Commercial Code (TCC), Capital Market Law and the Articles of Association. Resolutions made by the Board of Directors for the convention of General Shareholders' Meetings are shared with the public via disclosures filed with the ISE. CMB rules and regulations require that financial statements are disclosed within 14 weeks of the end of the accounting period. However, Arçelik always discloses its financial

statements much earlier than this deadline. The financial statements for 2011 year-end were disclosed during the seventh week. Following the disclosure of financial results, the company begins preparations for the General Shareholders' Meeting, which convenes upon completion of the required legal procedures. This year's General Shareholders' Meeting convenes within three months following the end of the accounting period. At these meetings, agenda items are expressed in an impartial and detailed manner through the use of a simple and concise method. A healthy discussion environment is created where shareholders are provided with equal opportunities to express their opinions and raise questions. Board members, auditors, authorized persons responsible for preparing the financial statements and persons in a position to inform shareholders about specific agenda items all participate in General Shareholders' Meetings in order to answer questions and provide necessary information.

The shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the company's Board of Directors and top managers. Concerning the authorization of board members to engage in activities on behalf of the company pursuant to Articles 334 and 335 of the Turkish Commercial Code during the previous General Shareholders' Meeting, if any such transaction or action has taken place, shareholders are informed during the General Shareholders' Meeting. Shareholders who have registered their shares on the blocked shares list kept by the CRA may attend General Shareholders' Meetings to express their opinions, ask questions to the Board of Directors and have these questions answered. Shareholders' voting records on agenda items are recorded in the minutes of the meetings. Each agenda item is voted on separately. General Shareholders' Meetings are held under the supervision of a representative from the Ministry of Science, Industry and Technology. The Board of Directors was authorized to purchase, sell and lease material assets, and the Articles of Association have been amended accordingly. However, pursuant to the provisions of the new Corporate Governance Principles issued by the CMB, efforts are underway to make the necessary amendments to the company's Articles of Association prior to the General Shareholders' Meeting to be held in 2012. During General Shareholders' Meetings, shareholders are also informed about donations the company makes to charitable foundations and associations by the inclusion of a separate agenda item.

The minutes of General Shareholders' Meeting are posted on the company's corporate website and are also made available to shareholders at the company's headquarters. The shareholders are provided with a copy of the minutes upon request.

1.4. Voting Rights

Arçelik informs its shareholders of voting procedures at the beginning of all General Shareholders' Meetings. The company avoids engaging in actions which may complicate the use of voting rights and each shareholder is given the opportunity to exercise his/her voting right, including cross-border voting, in the most appropriate and convenient manner.

The company's Articles of Association do not confer any special voting privileges. Each share carries one vote. The legal entity subsidiaries of Arçelik are not allowed as shareholders. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy.

1.5. Minority Rights

Minority shareholders attend the General Shareholders' Meetings and comprise the company's management with majority shareholders. In 2011, our company has not received any criticism or complaint concerning this issue.

1.6. Dividend Rights

Arçelik A.Ş. has adopted a dividend payment policy which seeks to establish a balance between the interests of its shareholders and the company in accordance with Corporate Governance Principles. The profit distribution policy of Arçelik for 2011 and upcoming years is based on the principle of "the long-term average of the dividend to be distributed, which shall be submitted by the Board of Directors to the approval of the General Shareholders' Meeting, will not be less than 50 percent of the company's annual distributable income, within the bounds of the existing legislation and investment requirements of the company." The company's dividend policy is incorporated in the annual report and posted on the company's corporate website.

The company's profit distribution process is carried out in accordance with the provisions of the TCC and rules and regulations of the CMB, within statutory periods. At the General Shareholders' Meeting held on March 23, 2011, the gross dividend rate was set at 36.997 percent (net 31.449 percent) based on 2010 financial results and distribution began as of March 29, 2011. The Articles of Association do not grant any privileges regarding partaking in the company's profits. According to the company's Articles of Association, the Board of Directors may distribute dividends in advance, provided that this action has been authorized by the General Shareholders' Meeting and complies with the Capital Market Law and rules and regulations of the CMB. The authority to distribute dividends in advance granted to the Board of Directors by the General Shareholders' Meeting is limited to the year when the authorization is issued.

1.7. Transfer of Shares

The Articles of Association do not include any provisions which hinder or impede the transfer of shares.

2.1. Principles and Means for Public Disclosure

Public Disclosure Policy

Arçelik's public disclosure policy was submitted for shareholders' review at the Ordinary General Shareholders' Meeting held on March 25, 2009 and posted on the company's website. The public disclosure policy is updated in compliance with new rules and regulations and submitted for shareholders' review during each General Shareholders' Meeting by the inclusion of a separate agenda item.

Purpose

As one of the most important companies operating in both the domestic and global durable goods industry, Arçelik A.Ş. pursues a policy of informing its shareholders and stakeholders about all activities related to company management in a fair, transparent, complete, accurate and accessible manner, in accordance with the provisions of the Capital Market Law and other applicable laws. The purpose of the public disclosure policy is to define rules for sharing past performance, expectations, strategies, goals and vision of the company with the public, concerned authorities, existing and potential investors and shareholders in a fair manner, and to disclose financial information in an accurate, fair, timely and comprehensive way within the framework of the generally accepted accounting principles (GAAP) and the Capital Market Law by establishing a continuous, effective and open communication platform.

Pursuing an active and transparent public disclosure policy, Arçelik A.Ş. complies with the Capital Market Legislation and rules and regulations of the ISE and aims to implement an effective communication policy within the framework of CMB's Corporate Governance Principles. Information to be disclosed is prepared in such a way to help individuals and institutions in their decision-making and are posted on the Public Disclosure Platform (PDP) (www.kap.gov.tr) and the company's website in an accurate, complete, comprehensible, interpretable and easily-accessible manner at a low cost. Furthermore, Arçelik A.Ş. uses the e-GOVERNANCE: Corporate Governance and Investor Relations Portal, developed by the CRA, to inform shareholders in a direct and effective manner.

Authority and Responsibility

Arçelik's public disclosure policy was created upon the recommendation of the Board of Directors. At Arçelik, it is the responsibility of the Board of Directors to pursue, supervise and further develop the public disclosure policy. The Finance Director and Corporate Communications Coordinator are responsible for coordinating the disclosure function under the supervision of the Assistant General Manager of Finance and Accounting. They fulfill their responsibilities in close coordination with the Board of Directors and Audit Committee.

Methodology and Tools

Arçelik A.Ş. has identified the following methods and tools to use while setting its public disclosure policy within the framework of the Capital Market Legislation, rules and regulations of the ISE and TCC:

1. Material Event Disclosures (English translations of the mentioned disclosures are also delivered to foreign investors and are posted on the company's website in both Turkish and English)
2. Financial statements and footnotes, independent audit reports and statements are submitted to the ISE PDP regularly (these reports are also available on the company's website. Annual reports and financial presentations are disclosed in an electronic environment and on the company's website).
3. Annual reports (made available in hard copy format and may also be accessed by the company's website)
4. The company's website (www.arcelikas.com)
5. Announcements and disclosures made through the Turkish Trade Registry Gazette and daily newspapers
6. Periodic and other issue-based press releases in the visual and print media
7. Statements made to data distribution companies such as Reuters, Foreks, Bloomberg etc.
8. Face-to-face meetings or teleconferences held with investors and analysts
9. Means of communication and tools such as telephones, e-mail, telefax etc.
10. Prospectuses, circulars, announcements and other documents required by Capital Market Regulations

Material Event Disclosures

Arçelik A.Ş. material event disclosures are prepared by the Finance Directorate and Legal Consultancy Department and submitted to the ISE after they are signed, as a rule, by two of General Manager, the Assistant General Manager of Finance and Accounting or the Finance Director. In the event that the required signatories are absent, other Assistant General Managers and Accounting Directors are authorized to sign the material event disclosures. Material event disclosures are submitted to the ISE as PDP announcements in electronic format.

Public Disclosure of Financial Statements

Arçelik A.Ş. financial statements are prepared in accordance with the provisions set out by the CMB and disclosed to the public after being audited by an independent audit firm, which conducts its auditing activities in compliance with International Auditing Standards. Before financial statements and footnotes are disclosed to the public, they are submitted to the Board of Directors for approval accompanied by the positive opinion of the Audit Committee within the framework of the Capital Market Legislation. Afterwards, statements, footnotes and the independent audit report are submitted to the ISE after the attestation is signed by the General Manager, Assistant General Manager of Finance and Accounting or the Accounting Director in accordance with the Capital Market Law and rules and regulations of the ISE. These financial statements and footnotes, prepared both in Turkish and English and in retrospective order, can be accessed by logging into the Investor Relations section of Arçelik's website. Moreover, the Shareholder Relations Unit periodically issues memorandums or presentations on financial data and ratios, which are also posted on the company's website in order to make financial data more clear.

Annual Reports

Annual Reports are prepared in accordance with international standards, legislation of the Capital Markets and CMB's Corporate Governance Principles. After an annual report is completed, it is submitted to the Board of Directors for approval and disclosed to the public by being posted, both in Turkish and English, on the company's website. Furthermore, both hard and soft copies in CD format may be obtained from Arçelik's Shareholder Relations Unit.

Corporate Website

Arçelik A.Ş. website is a user-friendly platform that allows all of its stakeholders to monitor the performance of the company's shares by means of various tools such as charts and calculators. The vast majority of the information posted on the company's website is provided both in Turkish and English. Visitors may also access past analyses and reviews as well as the latest information of the company. The most important accessible information on the company's website are as follows:

- Detailed information on corporate identity
- Vision and main strategies
- Information about the members of the Board of Directors and top managers
- Important resolutions made by the Board of Directors
- Organizational chart and partnership structure
- Articles of Association
- Trade registry information
- Financial data, indicators and analysis reports
- Press releases
- Material Event Disclosures
- Share performance data, charts and calculators
- Investor presentations
- Analyst details and reports assessing the company
- Dates and agendas of General Shareholders' Meetings and comments on agenda items
- Minutes of General Shareholders' Meetings and lists of attendees
- Power of attorney specimen
- Corporate governance practices and corporate governance compliance reports
- Dividend distribution policy and history; capital increases
- Public disclosure policy
- Frequently asked questions
- Detailed information on corporate social responsibility
- Codes of conduct disclosed to the public within the framework of the public disclosure policy

Announcements and disclosures published in the Turkish Trade Registry Gazette and daily newspapers

Announcements regarding General Shareholders' Meetings, capital increases and dividend distributions are published both in the Turkish Trade Registry Gazette and in daily newspapers in accordance with the Capital Market Law, Turkish Commercial Code and Articles of Association. In order to ensure attendance of a maximum number of shareholders, announcements of invitation to the General Shareholders' Meetings are published in newspapers and on the company's website at least three weeks prior to the start of meetings.

Starting on the invitation date of the General Shareholders' Meeting, financial statements and reports, including the annual report, the proposal for dividend distribution, information on the agenda of the General Shareholders' Meeting, supplementary documents pertaining to the agenda, the current Articles of Association, and the text and reasons of amendments, if any, to the Articles of Association are all made available to shareholders at the company headquarters and on the company's website for their convenience and open review. Agendas of General Shareholders' Meetings are prepared in such a way to avoid any ambiguities or misunderstandings. Among the agenda items are: discussion and approval of financial statements, acquittal of members from the Board of Directors and Auditors for the operations they have carried out on behalf of the company during the relevant accounting period, election of members to the Board of Directors and Auditors whose terms of reference are defined in the Articles of Association, selection and approval of an independent audit firm, acceptance of the dividend distribution policy, and resolutions to amend the Articles of Association, corporate governance compliance report and public disclosure policy. For those shareholders who will be represented by proxy at the General Shareholders' Meeting, power of attorney specimens are included in the announcement and also posted on the company's website.

Periodic and other issue-based press releases published through the visual and print media

Arçelik A.Ş. Corporate Communications Unit provides in-depth information to the public by releasing controlled information to the press and media, in both Turkey and abroad, in parallel with important developments taking place during the year. During these meetings, the General Manager of Arçelik A.Ş. or concerned top managers deliver comprehensive and informative presentations to members of the press and media about the companies' performance and general developments related to Arçelik A.Ş. They answer their questions. In addition to these periodic press conferences, media outlets are provided with written press releases on developments that must be disclosed to the public in an accurate and controlled manner. Such disclosures can also be made by a press conference, depending on the nature of the development. All questions or information requests made by members of the press or media in relation to developments and company performance are considered and responded to in writing, either negatively or positively.

Statements made to data distribution companies such as Reuters, Foreks, Bloomberg etc.

Arçelik A.Ş. Corporate Communications Unit delivers all written press releases that were delivered to the visual and print media to data distribution companies such as Reuters, Foreks, Bloomberg etc. as well. It also invites those press and media organizations whose news reports and editorials are appropriate to attend the press conferences it organizes.

Investor and Analyst Meetings

Arçelik A.Ş. has set up a Shareholder Relations Unit which is responsible for handling relations with both existing and potential shareholders, responding to investors' questions as satisfactorily as possible and managing efforts to enhance the company's value. The Shareholder Relations Unit reports to the Assistant General Manager of Finance and Accounting.

Top management of the Company and the Shareholder Relations Unit meet with intermediary institutions, analysts and investors regularly in order to communicate Arçelik's operational and financial performance, vision, strategy and goals as effectively as possible and to deliver presentations, Q&A and fact sheets. Any meeting requests from shareholders are responded to in a positive manner and shareholders are provided with the opportunity to meet with members of the company's top management. Arçelik A.Ş. also allows its shareholders and analysts to keep themselves up-to-date with the latest developments about the company through its regularly-updated corporate website and memorandums, which are delivered to the shareholders via the Internet.

In order to strengthen shareholder relations, the company participates in local and international investor meetings. During these meetings, which are held at the company's headquarters, company management answer questions raised by the investors.

Arçelik A.Ş. also organizes teleconferences and delivers investor presentations following the disclosure of financial statements and material event disclosures. Details of these disclosures are shared with the public on the company's website.

Explanations for Forward-Looking Statements

Arçelik A.Ş. may make forward-looking statements in relation to its public disclosure policy. The forward-looking statements made by the company in written format are based on certain assumptions; due to risks, ambiguities or other factors, actual results may be significantly different from the expected results expressed in the statements; investors are advised to take this into account. In case the predictions expressed in the forward-looking statements disclosed to the public by the company are not realized or turn out to be impossible to be realized, the company reviews the predictions and their assumptions as soon as possible and disclose the revised information, to the public immediately.

News and Rumors about the Company

Arçelik A.Ş. monitors company-related news in both visual and print media through a contracted domestic media-monitoring agency. Company-related coverage is delivered in report format to the desks of top managers every morning and contents of the coverage are checked for accuracy. In addition, Arçelik's top managers, Shareholder Relations Unit and Corporate Communications Unit monitor local and international news coverage using the services provided by data distribution organizations such as Reuters, Bloomberg and IBS.

If Arçelik A.Ş. wishes to make an announcement about any coverage or rumors about the company that is found in the press but that does not oblige the company to make a material event disclosure, the matter may be added to the company's agenda by the Assistant General Manager of Finance and Accounting and a material event disclosure may be made.

If the news is not considered as important as inside information, the company does not make any material event disclosure. However, it is the prerogative of the Corporate Communications Unit to decide whether there is any merit in making a material event disclosure on a subject that does not impose any obligation on the company to make such a disclosure according to the CMB Communiqué.

False News and Rumors

As a matter of principle, Arçelik A.Ş. does not comment on any news which is not issued by the company or that appears to be gossip, rumor and/or false. However, if it deems necessary, Arçelik may comment on such news in order to protect the interest of the company's shareholders.

News Pertaining to Information Whose Disclosure is Postponed

If Arçelik A.Ş. has postponed the disclosure of inside information with the purpose of protecting the confidentiality of said information and preventing damage to its legitimate interests, and there is still news appearing in the media on the matter, then, as a matter of principle, Arçelik does not comment. However, Arçelik A.Ş. reserves the right to make an announcement in order to protect the interests of the company and its investors.

During the period of postponement, no further comments are made and no statements contradicting such news are issued. It may be expressed that no further information will be provided on the process and that the public will be informed when the situation is clarified.

Measures for the Protection of Inside Information until Public Disclosure

Parties privy to inside information and those in contact with Arçelik employees are informed of their obligation to protect any such information during the emergence of a situation where a material event disclosure has to be made, and during the period of time from the emergence of that situation where a material event disclosure has to be made to the announcement of that material event by the ISE.

As a matter of principle, Arçelik A.Ş. and persons who work on behalf and on account of it shall not disclose any information that can be considered a material event and that is yet to be disclosed to the public, to any third parties. If it is determined that inside information has been disclosed by these people to any third parties unintentionally and it is concluded that the confidentiality of the information cannot be protected, then a material event disclosure is made in accordance with the rules and regulations of the CMB.

If the public disclosure of such information is postponed, a list is drawn up that includes the names of those individuals who have access to the information at the time of postponement, and "Arçelik's List of Persons Privy to Inside Information" is updated accordingly. The necessary work is completed to inform these persons and the other parties privy to the inside information, and reasonable measures are put in place.

Criteria Used to Determine People with Administrative Responsibility

Administrative staff who are privy to inside information are determined according to the scope of the information to which they have access. Accordingly, managers and

employees who are privy to detailed information about only a certain portion of the company's business activities shall not be considered people who have access to inside information.

However, members of the Board of Directors, General Managers, Assistant General Managers and some top Managers who work at the headquarters who have detailed information related not only to present but also future plans about the entire company shall be considered people who have access to inside information. "Arçelik's List of Persons Who Are Privy to Inside Information," which is prepared according to these criteria, is disclosed to the public in accordance with the provisions of the relevant communiqués issued by the CMB.

Ensuring Confidentiality of Information Subject to Public Disclosure

In maintaining the balance between providing transparency and protecting the interests of the company, employees are urged to follow the rules regarding the use of inside information. All the necessary measures and precautions are taken for the prevention of insider trading.

The "Principles of Business Ethics", which are published across the company, clearly outline the code of conduct expected of Arçelik A.Ş. employees.

Any company-owned information obtained during the course of employment and which the company does not want to be disclosed to any third parties except those who are intended to receive the information, and which are designated as trade secret, are considered "Company Proprietary Information." All employees are under obligation to protect company proprietary information during and after their employment at Arçelik A.Ş. and may not use any such information directly or indirectly. Arçelik's employees may not engage in any activity which would allow them to gain personal benefit by purchasing and selling Arçelik A.Ş. shares or those issued by any other Koç Group company, using the inside information they have become privy to during the course of their employment.

Arçelik imposes a "Silent Period" a period of time during which company representatives avoid sharing any information subject to public disclosure before an official announcement regarding the financial results of the concerned accounting period. The Silent Period begins three weeks before the announcement of year-end results and two weeks before the announcement of the quarterly results.

Designations and appointments, which have been disclosed to the public through material event disclosures, to the Company's Board of Directors and top management in 2011 are as follows:

Board of Directors	
Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Dr. Bülent Bulgurlu	Member
O. Turgay Durak	Member
Robert Sonman	Member
Semahat S. Arsel	Member
Temel K. Atay	Member
Ömer M. Koç	Member
Ali Y. Koç	Member
A. Gündüz Özdemir	Member
Levent Çakıroğlu	Member
Board of Auditors	
İnanç Kiraz	
İbrahim Murat Çağlar	

Members of the Board of Directors and Board of Auditors were elected by the resolution made during the Ordinary General Shareholders' Meeting held on March 23, 2011.

The members of the Committees appointed by the Board of Directors are as follows:

Audit Committee	
Temel K. Atay	Member
Robert Sonman	Member
Corporate Governance Committee	
Dr. Bülent Bulgurlu	Member
O. Turgay Durak	Member
Fatih K. Ebiçlioğlu	Member
Risk Management Committee	
Rahmi M. Koç	Chairman
Semahat S. Arsel	Member
Dr. Bülent Bulgurlu	Member
Temel K. Atay	Member
Investment and Business Development Committee	
Mustafa V. Koç	Chairman
Ömer M. Koç	Member
Ali Y. Koç	Member
O. Turgay Durak	Member
Levent Çakıroğlu	Member
Top Management	
Levent Çakıroğlu	General Manager
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager, Sales - Turkey, Middle East, Africa and Turkic Republics
Tülin Karabük	Assistant General Manager, Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager, Sales - Europe, America and Asia-Pacific
Cemal Şeref Oğuzhan Öztürk	Assistant General Manager - Purchasing and Supply Chain

Levent Çakıroğlu

General Manager

Having started his professional business career as an Assistant Accounting Specialist at the Ministry of Finance in 1988, Levent Çakıroğlu joined Koç Group in 1998 as an Accounting Coordinator. Çakıroğlu served as Koçtaş's and Migros's General Manager from 2002 to 2007 and 2007 to 2008, respectively. He has served as Arçelik A.Ş. General Manager since August 2008.

İsmail Hakkı Sağır

Assistant General Manager, Production and Technology

Having started his professional business career as a Project Engineer at Arçelik's Refrigerator Plant in 1980, İsmail Hakkı Sağır has served as Assistant General Manager of Production and Technology at Arçelik A.Ş. since May 2009.

Dr. Fatih Kemal Ebiçlioğlu

Assistant General Manager, Finance and Accounting

Having started his professional business career as an Assistant Accounting Specialist at the Ministry of Finance in 1989, Dr. Fatih Kemal Ebiçlioğlu has served as Assistant General Manager, Finance and Accounting at Arçelik A.Ş. since 2005.

Şirzat Subaşı

Assistant General Manager, Sales - Turkey, Middle East, Africa and Turkic Republics

Having started his professional business career as a Sales Representative at Beko Ticaret A.Ş. in 1986, Şirzat Subaşı has served as Assistant General Manager/Sales-Turkey, Middle East, Africa, Turkic Republics at Arçelik A.Ş. since May 2009.

Tülin Karabük

Assistant General Manager, Marketing

Having started her professional business career as an Area Manager for the Eastern Bloc Countries at Ekom Eczacıbaşı Dış Ticaret A.Ş. in 1987, Tülin Karabük has served as Assistant General Manager, Marketing at Arçelik A.Ş. since September 1, 2010.

Hakan Hamdi Bulgurlu

Assistant General Manager, Sales - Europe, America and Asia-Pacific

Having started his professional business career at Ram Dış Ticaret in 1995, Hakan Hamdi Bulgurlu has served as Assistant General Manager, Sales - Europe, America, Asia-Pacific at Arçelik A.Ş. since September 1, 2010.

Cemal Şeref Oğuzhan Öztürk

Assistant General Manager, Purchasing and Supply Chain

Having started his professional business career at the Institute of Materials Science at Istanbul Technical University in 1982, Cemal Şeref Oğuzhan Öztürk has served as Assistant General Manager - Purchasing and Supply Chain at Arçelik A.Ş. since September 1, 2010.

All material event disclosures are posted simultaneously in both Turkish and English on the company's website.

Information requests received from outside the company are answered, depending on the content of the specific request, either by top management or by the Shareholders Relations Unit, provided that it is within their knowledge and prerogative.

Consolidated financial statements and their footnotes are prepared in accordance with the provisions of the CMB Communiqué Serial: XI, No: 29 and disclosed to the public after being audited by an independent audit firm. Following disclosure of financial statements, Arçelik prepares presentations in order to make it easier for analysts to conduct their own assessments of the results, and the company shares these presentations with the public through its corporate website.

In compliance with Capital Market legislation, members of the Board of Directors, top managers and shareholders, who directly or indirectly own five percent of the company's capital, disclose to the public and post on the company's website all the transactions performed on the company's capital market instruments.

Annual reports are prepared in accordance with Capital Markets legislation, rules and regulations of the CMB and Article 2.3 of the CMB's Corporate Governance Principles, concerning the preparation of annual reports.

Arçelik A.Ş. has made 23 material event disclosures in 2011. There were no requests for additional explanations from the CMB and/or ISE regarding the material event disclosures made in 2011. Arçelik has not been required to make any material event disclosures other than those made to the ISE since it does not have any capital market instruments listed on any foreign stock exchanges. The company has made all of its material event disclosures in 2011 within the period of time required by law and therefore the Company has not been subject to any sanctions by the CMB.

2.2 Corporate Website

Arçelik A.Ş. uses its corporate website (www.arcelikas.com) actively in order to communicate more effectively and rapidly with its shareholders, in accordance with CMB's Principles. The company updates the information posted at www.arcelikas.com regularly. The information posted at the company's website is the same as or consistent with the material event disclosures made in accordance with the applicable laws. They are complete and do not contain any contradictory information. In addition to the information required to be publicly disclosed by the applicable laws, the company's website provides the following information: trade registry information, the latest partnership and management structure, the notification that the company has not issued any preferred shares, the latest version of the company's Articles of Association together with dates and numbers of the Turkish Trade Registry Gazettes that contain the amendments made; material event disclosures, financial statements annual reports, prospectuses and IPO circulars, agendas of General Shareholders' Meetings and list of attendants and minutes, proxy voting form, dividend distribution policy, public disclosure policy, ethical rules of the company and answers to frequently asked questions. Accordingly, such information for the last five years is available on the company's website.

The company's website is provided both in Turkish and English in compliance with the content and design required by CMB's Principles. It is the responsibility of the Shareholder Relations Unit to prepare, update and contribute to the content posted on the Investor Relations section of the company's website. Arçelik makes every effort to provide visitors of its corporate website with better service. The company has accordingly renewed its website in 2011.

Public disclosure of the company's ultimate real person shareholders would not lead to any impact on Arçelik's shareholders. The fact that the Koç Family has been the ultimate real person controlling shareholders of the company is common knowledge.

2.3 Annual Reports

Arçelik A.Ş. Board of Directors prepares the company's annual reports in sufficient detail to ensure that the public is able to access complete and accurate information about the company's activities.

In addition to the information required to be included by the applicable law and CMB's Corporate Governance Principles, annual reports contain the following:

- a) Information about positions held by members of Board of Directors outside the company in their résumés,
- b) Information on the names of members of the committees of the Board of Directors, the frequency of meetings and the functions carried out,
- c) Information about corporate social responsibility activities conducted by the company that have social and environmental consequences and that have an impact on the social benefits enjoyed by employees and the vocational training they receive,
- d) List of Persons Who Are Privy to Inside Information.

In maintaining the balance between providing transparency and protecting the interests of the company, employees are urged to follow the rules regarding the use of inside information. All the necessary measures and precautions are taken to prevent insider trading. The "Principles of Business Ethics," which are published throughout the company, clearly outline the code of conduct expected of Arçelik A.Ş. employees.

Any company-owned information obtained during the course of employment and that the company does not want to be disclosed to any third parties except those who are intended to receive the information, and that are designated as trade secret, are considered to be "Company Proprietary Information." All employees are expected to preserve Proprietary Information during and after their employment at Arçelik A.Ş. and they shall not use such information directly or indirectly. Arçelik's employees cannot engage in any activity which would allow them to gain personal benefit by purchasing and selling Arçelik shares or those issued by any other Koç Group company, using the inside information they have become privy to during the course of their employment.

Top managers are required to disclose those transactions they conduct by selling or buying capital market instruments issued by the company to the public, if their positions in the company allow them access to information that may affect the value of capital market instruments. These disclosures are also posted on the company's website.

The list of persons who are privy to inside information is given below:

Name and Surname	Position
Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Dr. Bülent Bulgurlu	Member
O. Turgay Durak	Member
Robert Sonman	Member
Semahat S. Arsel	Member
Temel K. Atay	Member
Ömer M. Koç	Member
Ali Y. Koç	Member
A. Gündüz Özdemir	Member
Levent Çakıroğlu	Member - General Manager
İnanç Kiraz	Auditor
İbrahim Murat Çağlar	Auditor
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager, Sales - Turkey, Middle East, Africa and Turkic Republics
Tülin Karabük	Assistant General Manager, Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager, Sales - Europe, America and Asia-Pacific
C. Ş. Oğuzhan Öztürk	Assistant General Manager, Purchasing and Supply Chain
Ali Tayyar	Accounting Director
İhsan Somay	Accounting Director
Sibel Kesler	Budget, Reporting and Analysis Director
Türkay Tatar	Finance Director
Ertuğrul Evren	Accounting Manager
Gökhan Otaç	Accounting Specialist
Kemal Ersalıcı	Accounting Specialist
Alparslan Görgülü	Consolidation Manager
Erdem Topoyan	Consolidation Specialist
Enis Atasoy	Consolidation Staff
Nesrin Cengiz	Budget Manager
Nilüfer Bayrak	Budget and Planning Specialist
Hande Sarıdal	Treasury Manager
Levent Arasiler	Financial Markets Specialist
Hümeyra Özener	Reporting Manager
Burcu Bekar	Reporting Staff
Ayşe Beril Başlıgil	Reporting Specialist
Bülent Alagöz	Capital Markets Regulation Compliance Manager
Turhan Sarı	Capital Markets Regulation Compliance Specialist
Fulya Kırayoğlu	Investor Relations Specialist
Ahu Özlen	General Manager Assistant
Ertan Ayhan	Independent Audit Firm Engagement Partner, Lead Auditor
Mehmet Can Altıntaş	Independent Audit Firm Staff
Tolga Koyuncu	Independent Audit Firm Staff
Şiba İlhan	Independent Audit Firm Staff
Çiğdem Elagöz	Independent Audit Firm Staff
Mustafa Camadan	Independent Audit Firm Staff
Nilay Bilgier	Independent Audit Firm Staff
Ahmet Feridun Güngör	Certified Public Accountant - Partner
Eray Asil	Certified Public Accountant - Director (Tax)
Onur Elele	Certified Public Accountant - Senior Manager (Tax)
Sercan Bahadır	Certified Public Accountant - Senior Manager (Customs Services)
Can Sözer	Certified Public Accountant - Manager (Tax)
İlter Oktay	Certified Public Accountant - Senior (Tax)

3.1. Company Policy Regarding Stakeholders

Stakeholders are third parties who are directly involved with the Company. The company provides information to its stakeholders on matters of interest by organizing meetings or using teleconferences. Taking into account the fact that engagement stakeholders would provide long-term benefits to the company, Arçelik respects the rights of its stakeholders that are protected by laws, mutual arrangements and contracts. Arçelik's corporate governance structure allows all its stakeholders, including employees and representatives, to communicate their concerns regarding illegal or unethical practices to the company's top management. Arçelik's nearly 3,300-dealers constitutes a major stakeholder group that is directly connected to the company. Arçelik holds regular "Dealer Meetings" throughout the year to keep its dealers up-to-date on company policies, targets and recent economic developments as well as to create a more effective system by listening to the dealers' problems and concerns. Besides there are approximately 4,000 suppliers providing direct, indirect materials, services and capital goods to the Company. 1,400 of these suppliers which account for 80% of Arçelik's total purchasing volume, are direct material suppliers. Arçelik shares the business results achieved during the previous year and the company's strategies, policies, targets and expectations for the current year with its suppliers by organizing supplier meetings, visits, and inspections and through the supplier portal.

Employee relations, which are managed by collective bargaining, are carried out through meetings organized with union representatives. Arçelik and its blue-collar employees are members of the Turkish Employers' Association of Metal Industries (MESS) and Turkish Metal Workers Union (TURKMETAL), respectively. MESS and TURKMETAL signed a Collective Bargaining Agreement effective from September 1, 2010 through August 31, 2012, which was signed in November 2010.

3.2. Stakeholders' Participation in the Company's Management

Support mechanisms and models are created to encourage stakeholders especially employees to participate company's management without hindering the company's operations.

Participation of stakeholders in management is provided by instruments such as proposals and surveys. Arçelik A.Ş. involves the workers' union in its decision-making processes and obtains their approval before implementing operational changes that concern such issues as working conditions,

work environment and employee benefits. Arçelik A.Ş. also encourages its dealers, who are in close contact with the company, to participate in the company's management by organizing "Dealers Meetings."

3.3. Human Resources Policy

Taking firm steps towards becoming a global company by adopting the vision of "Respects the Globe, Respected Globally," Arçelik A.Ş. always aims the highest and considers its human resources to be its most important capital that will carry the Company into the future.

Arçelik A.Ş. has committed its Human Resources Policies, which have been determined in accordance with the Company's strategies, shared values, and work ethics, to paper and shared it with its domestic and overseas employees.

Arçelik's fundamental principles, which form the foundation of the Company's Human Resources Policy, are given below. Arçelik A.Ş. bases its Human Resources practices on these principles:

- There is a global-local balance in human resources systems and practices. As an international company, local laws, practices and requirements are respected. Local laws take precedence in situations where Arçelik's human resources policies and practices come into conflict with them.
- Arçelik's human resources policies are fully aligned with the company's business strategies and also respond to future needs on top of current organizational requirements.
- Arçelik's human resources processes and practices, which respect and support human rights, oblige the company to avoid any discrimination and create equal opportunities for its employees. Arçelik A.Ş. does not discriminate based on ethnic origin, race, nationality, disability, political affiliation, religion, age, gender or sexual orientation.
- Fairness, consistency and trust lies at the heart of all human resources practices implemented by Arçelik A.Ş.
- Arçelik A.Ş. revises its human resources practices systematically and regularly in order to continuously improve its human resources standards and restructures its human resources processes in light of latest developments and the feedback it receives.
- Arçelik A.Ş. ensures the confidentiality of its employees' personal information, as required by applicable laws.

Industrial Relations

Arçelik A.Ş. respects and supports the rights of its employees to organize and form unions in accordance with the company's industrial relations policy. The company pays strict attention to maintaining the peaceful working environment it has created on the basis of mutual trust between its employees and unions and by respecting the applicable law and collective bargaining agreements. Arçelik takes local conditions, customs and practices, which are indigenous to the regions and countries in which it operates, into account in order to maintain the peaceful working environment it has created, even though these local conditions, customs and practices are not included in the agreements into which the company has entered.

Arçelik A.Ş. does not consider labor unions as adversaries but as social stakeholders, in accordance with its industrial relations policy. Arçelik A.Ş. attaches great importance to being on good terms with labor unions and in acting in accordance with them. Providing better working conditions to its social stakeholders is an important goal of the company. Accordingly, on top of ensuring compliance with the applicable laws, Arçelik A.Ş. makes efforts to provide better working conditions and occupational health and safety for its employees and to offer various social benefits such as marriage, maternity, food allowances etc., to incorporate said benefits in the collective bargaining agreements and to monitor their implementation.

Arçelik A.Ş. provides the following social benefits to its employees in Turkey in accordance with the provisions of the collective bargaining agreements:

- Arçelik A.Ş. employees receive four bonus payments every year,
- Fuel allowance,
- Special allowance before annual vacations,
- Special allowance before religious holidays,
- Monthly child allowance,
- Childbirth, marriage, death, military service and education allowances,
- Transportation and daily food allowances, which are offered in-kind,
- Annual leave entitlements, which are specified under collective bargaining agreements, irrespective of whether they are members of a labor union or not, Arçelik employees are entitled to annual leaves longer than those provided under the law.
- Starting positions and wages of union employees are determined based on the type of work they will perform according to the collective bargaining agreement.

The Collective Bargaining Agreement, which covers all Arçelik employees and is effective from September 1, 2010 through August 31, 2012, was signed in November 2010.

Occupational Health and Safety

Considering its human resources as the company's most important capital, Arçelik A.Ş. aligns its Occupational Health and Safety Policy with the applicable laws and business processes and encourages the execution of planned and systematic efforts in the area of Occupational Health and Safety.

Arçelik A.Ş. Occupational Health and Safety Policy:

We, Arçelik and its employees, follow the national and international legal procedures and regulations and strive to create a healthy and safe working environment within the scope of an Occupational Health and Safety Management System, which is based on continuous improvement.

- *Through analysis, we strive to minimize health and safety risks that may arise in the work environment,*
- *We conduct training activities in order to create and raise awareness about issues related to occupational health and safety,*
- *We strive to increase our productivity by taking measures to achieve a total safety industrial accident rate and occupational disease rate of zero percent,*

We complement such efforts by supporting them with Quality and Environmental Management Systems and strive to be an exemplary company in the durable goods industry through our pioneering initiatives in the area of occupational health and safety.

In accordance with this policy, occupational health and safety is included as a criterion among other target criteria set for departments and individuals as part of the Performance Management System. Arçelik A.Ş. has significantly improved its occupational health and safety performance as a result of these concerted efforts.

In 2011, compared to the previous year:

- The industrial accident frequency rate has dropped by 32 percent, and
- The industrial accident severity rate has dropped by 28 percent.

Arçelik A.Ş. has also increased the productivity of its employees thanks to a decline in industrial accidents and a reduction in workday losses.

Arçelik A.Ş. provides guidance to its employees regarding occupational health and safety on a regular basis and encourages them to communicate among themselves and with their managers on issues related to occupational health and safety. Arçelik A.Ş. has provided its employees with 51,464 man-hours of training on occupational health and safety issues in 2011.

Having taken measures to achieve a total safety industrial accident rate and occupational disease rate of zero percent, Arçelik A.Ş. continues its efforts by involving employees at every level of the company and allocating the necessary resources to achieve desired targets.

Having fully committed itself to fulfilling existing and future requirements of the company, Arçelik A.Ş. provides equal opportunities to all candidates who possess the appropriate training, knowledge, skills, competencies and experience in accordance with its ethical principles. The fact that the company employs graduates from 81 different universities testifies to Arçelik's commitment to the principle of equal opportunity for all.

The total number of domestic and overseas employees of Arçelik by 2011 year end is as follows:

Number of employees by 2011 year-end	Total
Turkey	14,631
Abroad	7,329
Arçelik Group	21,960

The average length of service and age of employees in Turkey is 7.6 years and 33.2, respectively.

Arçelik A.Ş. strives to improve the company's performance continuously by contributing to the professional development of its employees in accordance with its vision and business targets. Arçelik A.Ş. aims to make an effective and productive use of its resources when creating plans for both the current and future professional development needs of its employees.

In 2011, Arçelik A.Ş. provided its employees with 292,208 hours of training, which corresponds to 20 hours on average per employee. This indicates an increase of 30 percent in the number of hours devoted to training when compared to 2010.

Arçelik A.Ş. believes that personal success is a prerequisite for organizational success. Arçelik A.Ş. accordingly has put various professional development systems in place in order to improve the performance of its employees in accordance with the company's targets. Arçelik A.Ş. has also adopted a fair but competitive compensation policy in compliance with the applicable laws.

Arçelik A.Ş. seizes upon, rewards and promotes every kind of achievement, discovery and/or proposal in order to boost the motivation, loyalty and productivity of its employees and encourage them to make their own contributions to the success of the company.

Instead of carrying out the Work Life Evaluation Survey, which is conducted every year, Arçelik A.Ş. has conducted an Employee Loyalty Survey in 2011. The survey attempts to measure Arçelik's employees' views of the company, the work they engage in and management and top management strategies. The employees have provided feedback on various processes such as performance, rewards, internal communication, etc. Arçelik A.Ş. has shared the survey results with its employees and intends to transform them into action plans.

3.4. Relations with Customers and Suppliers

Arçelik A.Ş. considers customer and supplier satisfaction among its top priorities. The Company monitors customer satisfaction regularly and issues reports. Arçelik A.Ş. cherishes the confidentiality of customer and supplier data, which the company considers to be trade secrets.

The singular goal of all the efforts and investments made by the Arçelik Call Center is not only to provide the company's customers a high level of service on a 24/7 basis, but also to ensure a smooth dialogue between them and Arçelik, respond to their proposals and requests more rapidly and maximize their level of satisfaction. One of the primary functions of the Arçelik Call Center is to contribute to the development of new products that meet customer expectations by providing a smooth flow of information in the form of suggestions and complaints to the relevant units of the Company.

Thanks to its state-of-the-art facilities, which give the Company a competitive edge over its competitors, the Arçelik Call Center's unique position is sustained by the variety of communication channels it has established with its consumers. Arçelik responds to a majority of its consumer requests, which it receives through both traditional communication channels such as fax and post and modern ones such as telephone and e-mail, instantly by phone (First Line Support). Committed to raising its level of service each day, Arçelik Call Center also conducts customer satisfaction surveys to tap into its customers and considers feedback surveys to be an opportunity to improve its operations.

Arçelik Call Center, which since 1991 has maintained a high level of dialogue with its domestic customers and has strived to achieve high levels of customer satisfaction, has continued to expand its abroad call center services network in order to move closer to its goal of becoming an international call center and has begun to provide pre- and post-sale call center services to the following countries and brands from Turkey:

- Austria - Elektrabregenz, Beko and Altus in 2008
- Germany - Grundig in 2009
- Germany - Beko in 2010

In addition to Austrian and German markets, Arçelik has carried out customer satisfaction surveys in the Danish market, testifying to the fact that the Company not only listens to the concerns of its domestic customers, but also to those who purchase Arçelik's products abroad.

Having assumed responsibility for the management of online sales and social media communication operations in 2011, Arçelik Call Center has continued to implement its strategy of being with its customers at all times.

In parallel with its corporate social responsibility policy, in 2011 Arçelik Call Center began implementing "home agent", a telecommuting project that is the most striking call center project of the year. By implementing this project, Arçelik has offered employment opportunities not only to many young people with disabilities, but also to those employees who need to telecommute.

In 2011, Consumer Services under the Consumer Services Directorate provided support at nearly 550 authorized service locations. These locations operate under 10 regional management operations spread across the country with 5,300 vehicles and 11,500 employees, 5,400 of whom are technicians. The technical staff is certified by the Technical Services and Training Division, which operates under the Consumer Services Directorate.

Authorized services provides 10 million services annually for Arçelik A.Ş. all brands. The ability to handle both the delivery and installation of a product with a single service call is one of the competitive advantages that the technical service organization enjoys.

3.5. Ethical Rules and Corporate Social Responsibility

Arçelik A.Ş. aims to ensure customer satisfaction, offer world-class products and services of universal quality by using limited natural resources efficiently, and contribute to economic and social development. Accordingly, the company strives to be a global symbol of credibility, continuity and respectability in the eyes of all of its customers, shareholders, employees, suppliers, dealers and authorized services; in other words, all of its stakeholders.

We accept the standards established by Vehbi Koç, the founder of Koç Group, as our guiding principles:

- Our Customers are the focus of everything we do,
- To be "the best" is our ultimate goal,
- Our most important capital is our human resources,
- Our goal is to create wealth for continuous development,
- We strive to strengthen Turkish economy from which we derive our own strength, and
- Honesty, integrity, and superior business ethics are the foundations of our business conduct.

Arçelik has based its Ethical Rules of Conduct on the abovementioned principles in order to provide its employees and others who represent the company with a guiding document that would help them when making decisions.

Arçelik A.Ş. expects all its employees to behave in ways that would contribute to the strengthening and development of the company's philosophy and corporate standing. All Arçelik employees, including temporary workers, are under obligation to follow the company's Code of Conduct.

In addition, Arçelik A.Ş. expects all of its stakeholders to comply with work ethics and all related policies. Arçelik's Code of Conduct includes the following sections:

- Company-Employee Relations
- External Relations
 - Stakeholders, shareholders, government, customers, suppliers, dealers, authorized sellers, authorized services
 - Competitors and Competitor Relations
 - Corporate Social Responsibility
 - Global Responsibility
- Employee Code of Conduct
- Occupational Health and Safety Approach
- Code of Conduct Application Principles
 - Obligation to Report Transgressions
 - Code of Conduct Committee
 - Disciplinary Practices

Persons who hold managerial responsibilities are under obligation to inform all employees of the Code of Conduct, ensure that they are being followed, make a sufficient effort and display leadership.

Arçelik A.Ş. considers corporate social responsibility to be an integral part of the company's core business functions and carries out its activities according to the principle of "sustainable growth."

Providing its customers with quality and innovative products and services, following the general principles of ethics, laws and human rights, displaying sensitivity to the environment and needs of society at every location in which it operates, together with the company's commitment to "sustainable development" constitute the main components of Arçelik's "Corporate Social Responsibility" philosophy.

Arçelik A.Ş. which performs its operations in full compliance with applicable laws, ethical standards and human rights, is one of the first companies to sign the Code of Conduct drafted by the European Committee of Domestic Equipment

Manufacturers (CECED)*. The CECED Code of Conduct obliges the subscribing company to achieve a sustainable performance concerning working conditions, environmental laws and standards which are regulated by international conventions.

Arçelik's production facilities have been audited in 2010 and 2011 based on the criteria of BSCI (Business Social Compliance Initiative) and Sedex (Suppliers Ethical Data Exchange), which are used commonly across the European Union, by an independent auditing firm and have received positive compliance reports. This audit program will continue in 2012.

Arçelik A.Ş. has adopted an approach which focuses on protecting and preserving the environment and natural resources in cooperation with its partners both during production and non-production activities while at the same time developing and manufacturing innovative products. The company monitors the compliance of its operations with all domestic and international legal obligations, which call for the protection of the environment and human health. Arçelik A.Ş. regularly organizes training programs for its employees to raise awareness about the environment and implements projects with government organizations and NGOs.

In accordance with its sustainability approach, Arçelik A.Ş. develops and implements projects to contribute to the nurturing of younger generations in countries where the company operates. The sustainability of these projects is maintained through the ardent support of both the company's employees and business partners, who exemplify corporate citizenship. Accordingly, Arçelik develops programs and implements numerous projects to contribute to the education of young people in different regions in which it operates. Beside projects in education, culture and the arts, the Company also supports sports events that contribute to social development.

The policies and projects implemented by the Company are explained in the section of the Annual Report titled "Corporate Social Responsibility."

As an extension of its sustainable development approach, Arçelik A.Ş. also publishes an annual "Sustainability Report" complementing its operations in economic, social and environmental areas.

Arçelik A.Ş. 2008-2009 Sustainability Report is the first of its kind in Turkey and in its industry to comply with GRI (Global Reporting Initiative) G3 principles. The Company raises the bar every year with the quality of its sustainability reports. Arçelik A.Ş. also became the first Turkish company in its industry to be certified with a level B+ by GRI with its 2010 Sustainability Report, which was prepared in compliance with GRI G3 principles and audited by an independent audit firm.

Arçelik A.Ş. shares its Annual Reports and Sustainability Reports with the public on the Company's website: www.arcelikas.com.tr

** CECED was founded in 1959 and represents the household appliance industry in Europe. CECED acts as a partner in dialogue with the EU's regulatory institutions and implements projects among its members. Arçelik A.Ş. has been a member of CECED since 2002.*

4.1. Functions of the Board of Directors

Arçelik A.Ş. Board of Directors ensures that the balance between risks, growth and revenue is kept at its optimum level by means of the strategic decisions it makes, and manages and represents the Company by protecting the long-term interests of Arçelik A.Ş., assuming a rational and prudent risk management approach.

The Board of Directors sets the strategic targets of the Company and oversees management's performance by determining the human resources and financial resources that would be required by the Company.

Arçelik A.Ş. mission and vision are provided below, along with the main business goals:

Arçelik A.Ş. mission is to develop, manufacture and offer products and provide after-sales services that meet customers' needs by going beyond their expectations, make life easier, affordable and user-friendly, make efficient use of resources, grow in target markets continuously by using resources efficiently, ensuring customer and employee satisfaction and winning long-term loyalty, and meeting the expectations of the company's stakeholders in accordance with the values, goals and strategies of the Koç Group.

Arçelik A.Ş. has adopted the vision of "Respects the Globe, Respected Globally". The Company "Respects the Globe" because Arçelik A.Ş. is a green company that respects human beings and carries responsibility. The Company is "Respected Globally" because Arçelik A.Ş. always aims the highest reaching beyond.

The Company's main business goals are as follows:

- To achieve sustainable growth and increase market share in the global white goods industry
- To maintain a continued profitability level which will enable sustainable growth
- To improve capabilities to offer pioneering, innovative and green products and solutions to add value for customers
- To improve global organization and competencies by managing differences

The Board of Directors evaluates and approves the Company's vision and main business goals. These goals are shared with the public in the annual reports, on the company's website and through meetings or statements by means of various communications channels.

The Company targets are evaluated in comparison with the results achieved including the previous year's. This is done during the periodic Board of Directors meetings, which are called for by the company's Articles of Association. The current status of the Company is examined and new goals and strategies are created, if required by existing conditions.

The Board of Directors carries out the Company's operations in compliance with applicable laws, the Articles of Association, and internal regulations and policies.

4.2. Principles of Activity of the Board of Directors

Arçelik A.Ş. Board of Directors conducts its activities in a fair, transparent, accountable and reliable manner. The Board of Directors elects a Chairman and Vice Chairman from among its members. In addition, the Board of Directors also carries out elections to select the chairmen and members who will sit on Board of Directors Committees. The General Manager also sits on the Board of Directors as an executive member.

The Board of Directors establishes an internal control and risk management mechanisms that are appropriate for the Company to be able to minimize adverse effects of the Company's risks, which would also negatively affect the shareholders and stakeholders with the opinions of relevant committees in establishing these mechanisms.

The Risk Management Committee, whose members were elected from among the members of the Board of Directors, held eight meetings in 2011. Information is provided about the existence, functioning and effectiveness of the internal control and audit in the annual report. The activities of the Risk Management Committee are summarized as follows:

The Risk Management Committee has been established in order to provide recommendations and make proposals to the Board of Directors concerning subjects such as the identification of strategic, financial, operational etc. risks, the estimation of their impact and probability of their occurrence, the management and reporting of these risks in accordance with the Company's corporate risk-taking profile, their consideration in decision-making mechanisms and the establishment and integration of effective internal control systems.

The Risk Management Department has been established under the Finance Directorate to monitor, report and manage risks across the Company. Financial, loan and elementary risks, are worked actively.

Financial Risks: Arçelik A.Ş. monitors risks associated with exchange rates, interest rates and liquidity on a consolidated basis and issues reports on these risks at regular intervals. The Treasury Department is responsible for managing financial risks reported by the Risk Management Department within the framework of the risk criteria.

Loan Risks: Arçelik A.Ş. carries out studies for the collateralization and reporting of international commercial receivables on a consolidated basis. Accordingly, the Company purchases receivable insurance policies and makes frequent use of guarantee instruments such as bank guarantees, factoring and Eximbank guarantees for this purpose. The Sales Accounting Directorate is responsible for the collateralization of domestic receivables. Arçelik A.Ş. demands guarantee instruments such as mortgages, bank letters of guarantee, customer's bills, stocks, foreign currency etc. from its authorized dealers in return for the goods delivered.

Factors affecting risks are processed online in the system. For instance, transactions such as dispatch orders or collections are reflected on accounts immediately, which changes level of risk.

Elementary Risks: Processes are managed such as determining and purchasing fixed assets, product and manager responsibilities, transportation, product recall, consolidated insurance policies and managing processes as they are related to claims.

Moreover, Arçelik A.Ş. established an Internal Audit Department, which reports to the Assistant General Manager of Finance and Accounting, in order to establish a healthy internal control mechanism. The Audit Committee monitors the processes and effectiveness of the system on a continual basis and reports issues and suggests solutions for risk management and internal control mechanisms to the Board of Directors.

At Arçelik A.Ş., different individuals fill the Chairman of the Board of Directors and General Manager positions.

Powers and responsibilities of the Members of the Board of Directors are clearly defined in the Articles of Association. Powers of the Members of the Board of Directors are provided in detail in the signature circular of the Company. According to the applicable law, these documents are held in authorized institutions and also posted on the Company's website.

The Board of Directors plays a pioneering role in preventing and solving any possible conflicts and disputes that may arise between the Company and its shareholders and is therefore in close cooperation with the Corporate Governance Committee and Shareholder Relations Unit.

4.3. Structure of the Board of Directors

According to the Articles of Association, Arçelik A.Ş. is managed by a Board of Directors, which consists of a minimum of three members who are elected from among shareholders in accordance with the provisions of the Turkish Commercial Code and by resolution of the General Shareholders' Meeting. The General Manager of the Company can be elected as a member of the Board of Directors. The Board of Directors consisted of 11 members in 2011.

The Company's Board of Directors did not have any independent members in 2011. During the General Shareholders' Meeting to be held in 2012, Arçelik will make the necessary amendments in accordance with the provisions contained in Article 4.3 of CMB's Corporate Governance Principles for the Structure of the Board of Directors in order to allow independent members to be able to sit on the Board of Directors. Since a Nomination Committee does not exist, independent member candidates shall be determined by the Corporate Governance Committee and submitted for the approval of the Board of Directors. The Board of Directors shall then submit its independent member candidate list to the Capital Markets Board for inspection.

With the amendment of the Articles of Association at the Ordinary General Shareholders' Meeting to be held in 2012, the Board of Directors shall never have less than five members.

The members of the Board of Directors is determined in such a way to function efficiently and in a constructive manner, make quick and rational decisions and organize the activities of the committees effectively.

The Board of Directors includes both executive and non-executive members. The non-executive members of the Board of Directors do not occupy any other position at Arçelik A.Ş. and do not involve themselves in the daily operations and ordinary activities carried out at the company. Non-executive members are in the majority on Arçelik's Board of Directors. Mr. Levent Çakıroğlu is the only executive member to sit on the Board of Directors.

The Chairman and Vice Chairman of the Board of Directors are chosen following an election of the Board of Directors at the General Shareholders' Meeting.

The Chairman and members of the Board of Directors obtain the consent of the company's shareholders during the General Shareholders' Meeting in order to carry out company activities on their own or on behalf of others and to own shares in competing businesses, in compliance with the Article 334 and Article 335 of the Turkish Commercial Code.

In 2011, all members of the Board of Directors were elected as representatives of certain shareholders. All members of the Board of Directors are persons who have many years' experience in various industries and in the areas of business in which the company is involved. Arçelik A.Ş. benefits greatly from the knowledge and experience of the members of the Board of Directors.

The members of the Board of Directors are free to voice their opinions freely without any pressure.

Arçelik A.Ş. Articles of Association contain the following provision concerning the quality of members of the Board of Directors:

"The persons who are nominated and elected as members of the Board of Directors will have information and experience about the Company's field of activity and management, analyze financial statements and reports, have basic knowledge about the legal procedures that the Company follows and preferably be university graduate."

Ms. Semahat S. Arsel sits as a female member of Arçelik A.Ş. Board of Directors in compliance with Corporate Governance Principles.

Members of the Board of Directors

Rahmi M. Koç	Chairman	Non-executive
Mustafa V. Koç	Vice Chairman	Non-executive
Dr. Bülent Bulgurlu	Member	Non-executive
O. Turgay Durak	Member	Non-executive
Robert Sonman	Member	Non-executive
Semahat S. Arsel	Member	Non-executive
Temel K. Atay	Member	Non-executive
Ömer M. Koç	Member	Non-executive
Ali Y. Koç	Member	Non-executive
A. Gündüz Özdemir	Member	Non-executive
Levent Çakıroğlu	Member	President of the Durable Goods Group - General Manager

4.4. Types of Board of Directors Meetings

According to the Articles of Association, the Board of Directors convenes when business requires. However, the Board of Directors must convene at least four times a year. They also must convene in the event that the Chairman or two of the members request to do so.

Differing or dissenting opinions aired during Board of Directors meetings are recorded in the minutes of the meeting with their justifications. Dissenting opinions and their detailed justifications are disclosed to the public. Each member of the Board of Directors has one vote. However, Arçelik A.Ş. did not issue any material event disclosure since no differing or dissenting opinions were recorded during any meetings of the Board of Directors held in 2011. Agendas of Board of Directors meetings are determined by reporting of issues, which the Articles of Association explicitly instruct that they should be decided upon by a resolution of the Board of Directors, by concerned business units to the Company's top management and members of Board of Directors. Otherwise, an agenda can also be determined when a member of the Board of Directors notifies the Company's top management of the need for a resolution on a crucial issue. The issues requested to be placed on the agenda of the Board of Directors meetings are compiled and brought to the office of the Assistant General Manager of Finance and Accounting, where they are consolidated onto the agenda.

The Assistant General Manager of Finance and Accounting has been appointed to determine the agenda for the Board of Directors meetings in accordance with Article 330/II of the Turkish Commercial Code, and has been tasked to prepare the resolutions of the Board of Directors, keep its members up to date and ensure the flow of communication.

Board of Directors meetings are held at the Company's head office or at a convenient location in the city of head office. Important resolutions made by the Board of Directors are disclosed to the public through the PDP and on the company's website, both in Turkish and English. Amendments to the Articles of Association in accordance with the procedures concerning the related parties and issuance collateral, pledge and mortgage in favor of third parties mentioned in Article 4.4.7. of CMB's Corporate Governance Principles shall be submitted to the shareholders for their approval during the Ordinary General Shareholders' Meeting, which will be held during the first half of 2012. Arçelik A.Ş. has affiliates and subsidiaries. Believing that the participation of members of the Board of Directors in the management of these companies would serve the interests of the Company, Arçelik A.Ş. has not limited participation of the members of the Company's Board of Directors in the managements of these companies.

4.5. Committees Established under the Board of Directors

According to the Articles of Association, the Board of Directors may establish advisory or coordination committees and sub-committees of a similar nature among its members and/or non-members.

The Audit Committee in charge of ensuring reliable fulfillment of duties and responsibility of the Board of Directors has been established. The Board of Directors elected Temel K. Atay and Robert Sonman to the Audit Committee for 2011; consequently, the Audit Committee consists of two members of the Board of Directors who do not hold any executive positions. The Audit Committee performs its activities in compliance with the Capital Markets Law and CMB's Corporate Governance Principles. Members of the Audit Committee are not independent members.

On March 22, 2010, the Board of Directors formally decided that an in-house Corporate Governance Committee would be established in accordance with the Corporate Governance Principles issued by the Capital Markets Board, which would observe the company's compliance, carry out improvement efforts and suggest policy positions to the Board of Directors. Dr. Bülent Bulgurlu, O. Turgay Durak and Fatih K. Ebiçlioğlu have been appointed as members of the Corporate Governance Committee. Whereas Fatih K. Ebiçlioğlu is an executive member, the other two are non-executives. The committee does not have any independent members. Since Arçelik A.Ş. has not established a Nomination or Compensation Committee, the Corporate Governance Committee has assumed such responsibilities.

On July 16, 2010, the Board of Directors resolved that a Risk Management Committee would be established in order to give advice and recommendations to the Board of Directors on subjects such as determination, evaluation, effects and the probabilities of all kinds of strategic, financial, operational, etc. risks that may affect the company, managing and reporting such risks in accordance with the company's corporate risk-taking profile, considering these risks in decision-making mechanisms, and creation and integration of effective internal control systems. The Board of Directors also resolved that the committee be composed of four members: Rahmi M. Koç was selected as the president and Semahat S. Arsel, Dr. Bülent Bulgurlu and Temel K. Atay as members. The members of this committee are non-executive members; the committee does not have any independent members.

On July 16, 2010, the Board of Directors resolved that an Investment and Business Development Committee would be established in order to generate ideas and strategies, coordinate the activities of concerned departments, and make proposals and recommendations to the Board of Directors accordingly with the purpose of devising and planning new projects and investments across different areas of critical importance and monitor the implementation of the agreed-upon strategies and projects. The Board of Directors also decided that the committee would be composed of five members: Mustafa V. Koç was selected as the president and Ömer M. Koç, Ali Y. Koç, O. Turgay Durak and Levent Çakıroğlu as members. Only Levent Çakıroğlu is an executive member of the committee; the committee does not have any independent members.

The members of said committees, which shall be established following the Ordinary General Shareholders' Meeting to be held during the first half of 2012, shall be elected in accordance with mandatory principles mentioned in the Article 4.5. of CMB's new Corporate Governance Principles.

4.6. Remuneration of the Members of the Board of Directors and Top Managers

According to Arçelik A.Ş. Articles of Association, decisions about the remuneration of members of the Board of Directors are made during General Shareholders' Meetings. During the General Shareholders' Meeting held on March 23, 2011,

it was decided that members of the Board of Directors would be paid a monthly salary. Accordingly, the Chairman and members of the Board of Directors shall be entitled to a gross monthly salary of 1,520 Turkish lira. Furthermore, executive members shall be compensated based on their performance. Arçelik A.Ş. does not lend any money or extend any credit to members of the Company's Board of Directors and top managers, with the exception of advance payments which are made in compliance with the company's internal procedures. Arçelik also does not provide any collateral in favor of these persons.

Prior to the Ordinary General Shareholders' Meeting to be held during the first half of 2012, the remuneration policy of these persons of the Company will be committed to paper and submitted for the information of the shareholders as a separate agenda item. Thus, shareholders will be given the opportunity to express their views and suggestions in relation to this subject. Accordingly, Arçelik will post its remuneration policy on the company's website.

The total remuneration of the Company's top managers is provided in the footnote on related parties inside the consolidated financial statements.

Arçelik A.Ş. will not use remuneration plans based on performance of the Company when remunerating independent members of the Board of Directors.

Arçelik A.Ş. acts in accordance with a principle of sustainability throughout the life cycles of its products and makes this principle an integral part of its main business activities. This is in parallel to its vision of "Respects the Globe, Respected Globally". Every Arçelik product completes its life cycle true to this principle.

Environmental Approach to Products and Production

Arçelik A.Ş. acts in accordance with the company's "more products with fewer resources" principle from the earliest stages of manufacturing. In parallel to its vision of "Respects the Globe, Respected Globally", Arçelik A.Ş. aims to protect the environment and natural resources and make them sustainable by manufacturing more energy-efficient products.

Arçelik A.Ş. implements an Environmental Management System across all its processes and identifies annual improvement targets in accordance with its vision in order to minimize the environmental impact of its operations. The company gives priority to those efforts aimed at reducing operations-related emissions, preventing and recycling waste at its source. Arçelik A.Ş. improves its processes on a continuous basis through the investments it makes in environmental protection efforts.