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CORPORATE SOCIAL RESPONSIBILITY REPORT

We continue our operations aware of our responsibility to bequeath a better world to future generations.

Our corporate culture and values guide us in fulfilling our duties.

Arçelik A.Ş.

Corporate Social Responsibility Report

Corporate Social Responsibility Concept

We are aware that, just as for individuals, the state and NGOs, corporations also have a solemn responsibility to carefully utilize, develop and conserve our limited global resources.

Our concept of Corporate Social Responsibility is shaped by the responsibilities we have assumed with regard to sustainable development, our sensitivity to environmental and social issues, and our commitment to legal, ethical and human rights in the process of doing business.

Drawing strength from our corporate values and our guiding principle defined in the statement "As long as my country exists, so do I", as framed by our founder, Vehbi Koc, we strive to fulfill our responsibilities in collaboration with our employees and all our business partners.

As a continuation of its economic, social and environmental activities, Arçelik A.Ş. released its "2007 Sustainability Report" in 2008. The report covers issues such as the sustainable profitability of Arçelik A.Ş., the Company's approach to innovative product development and production, improving social standards, effective corporate governance and the application of ethical work principles.

Corporate Governance Concept

We are guided by our corporate values and corporate culture, ethical principles, good governance philosophy and code of business conduct in meeting our responsibilities.

In accordance with international business standards, we have adopted four principles of corporate governance: accountability, responsibility, transparency, and fair treatment. These precepts are indispensable for the success and productivity of the Company in the long run.

We abide by the theorem that proper corporate governance is essential for maintaining the reliability and stability promised to stakeholders, especially to our investors. The Company's meetings with its corporate investors are a clear demonstration of its successful implementation of corporate governance principles. We not only capitalize on our business results and our sound financial structure to achieve our profitability targets, but we also manage our corporate reputation, which is an important asset created over many years.

Corporate governance principles compliance report

1. Corporate Governance Principles Compliance Statement

The reliability and creditworthiness of companies, especially of publicly-traded companies, depends solely on the proper implementation of the Corporate Governance Principles that were adopted by the Capital Markets Board (CMB) on July 4, 2003 with decision No. 35/835 and promulgated immediately thereafter. Arçelik has adopted these principles as a benchmark against which it measures its corporate governance quality. According to the CMB's decision No. 48/1588, adopted on December 10, 2004, companies listed on the Istanbul Stock Exchange (ISE) must disclose their compliance with corporate governance principles in their annual reports and on their websites, if any, starting from 2004. In accordance with this decision, Arçelik set up a task force to review its compliance with Corporate Governance Principles and, as a consequence of its studies new information has been disclosed since 2004 in both the Annual Report and on the Company's website. The task force is still reviewing issues on which the Company is not fully compliant. When the OECD Corporate Governance Principles, published in 1999, were revised in 2004, the CMB updated its principles in the same year to ensure consistency. Arçelik has developed its 2008 Corporate Governance Principles Compliance Report in line with these revised Corporate Governance Principles.

Section I: Shareholders

2. Investor Relations Department

The Company manages its relations with shareholders through the Assistant General Manager in charge of Finance and Accounting. The main goal of the Company concerning this issue is to ensure that shareholders can fairly and reliably exercise their right to access information. The Company ensures that shareholders can exercise their rights fully and that shareholder requests are responded to as expeditiously as possible. The main responsibilities of this department are as follows:

- Ensuring shareholder data is kept and updated in a safe and reliable manner
- Responding to shareholders' written or verbal inquiries for information concerning the Company, with the express exception of confidential information, either written or verbal, and trade secrets which are not disclosed to the public
- Ensuring that the General Shareholders Meeting is conducted in accordance with all applicable legislation, the Company's Articles of Association and other internal regulations
- Drafting all necessary documents for the General Shareholders Meeting
- Recording voting results and sending the results to shareholders upon request
- Observing and monitoring all issues regarding public disclosures, including applicable legislation and the Company's disclosure policy
- Attending meetings held at the Company Headquarters as well as other national and international meetings arranged by various organizations to inform investors
- Liaising with analysts assessing the Company
- Responding to inquiries for information from academics studying the Company and the industry
- Drafting Turkish and English versions of the Investors Relations page on the Company's website (www.arcelikas.com), updating the page whenever necessary, and ensuring simple on-line access to Company information for shareholders
- Filing material disclosures with the ISE and the CMB pursuant to the CMB's Communiqué Serial VIII, No. 39
- Following up on amendments to the Capital Markets Law and other applicable legislation and reporting these to the relevant Company departments
- Representing the Company at the CMB, the ISE and the Central Registry Agency

Staff members in charge of investor relations:

Dr. Fatih Kemal Ebiçioğlu	Assistant General Manager - Finance and Accounting +90 212 314 31 00 fatih.ebiclioglu@arcelik.com
Türkay Tatar	Finance Director +90 212 314 31 84/85 turkay.tatar@arcelik.com
Doğan Korkmaz	Treasury and Capital Markets Manager +90 212 314 31 95 dogan.korkmaz@arcelik.com
Pınar Atakol	Investor Relations Specialist +90 212 314 31 17 pinar.atakol@arcelik.com
Turhan Sari	Capital Markets Specialist +90 212 314 31 15 turhan.sari@arcelik.com Fax: +90 212 314 34 90

In 2008, in order to provide detailed information on the Company to existing and prospective shareholders, the following actions were taken:

- Four investor meetings were attended in Turkey and abroad
- Meetings were held with more than 250 investors in the company headquarters and their information requests were met
- Four teleconferences were held to announce the year-end 2007 and first half year 2008 financial results. The details of the special events were shared with analysts via the official website.

Seven press conferences were held in Turkey and abroad, and the public and investors were informed concerning recent developments.

3. The use of shareholders rights to obtain information

The Company treats its shareholders equally regarding their rights to access and review information.

To ensure that shareholders are informed in a reliable manner, the financial statements and up-to-date information on the Company are provided on the official website, in Turkish and in English.

During this accounting period, shareholders' information requests were met verbally or in writing in compliance with the capital markets legislation and without discrimination against any shareholder or shareholder group. In 2008, necessary formalities were completed for 61 shareholders who were not able to receive their dividends and who have not participated in capital increases in previous years.

In addition to the explanations concerning material events to be disclosed, financial reports and other essential information about the Company is sent out via electronic media with an electronic signature within the framework of the PAP (Public Announcement Project).

Since the Company has become a member of the Central Registry Agency established for dematerialization of securities, Company shares traded on the ISE have been dematerialized, eliminating the need to print share certificates. The Company entered into an agreement with Yapı Kredi Menkul Değerler A.Ş. for completion of shareholder formalities with the Central Registry Agency. This agreement enabled shareholders to collect their dividends, participate in capital increases and open accounts at any Yapı Kredi Bank branch. Company operations are regularly audited by an independent auditor (Başaran Nas Yeminli Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers) as well as by internal auditors elected at the General Shareholders Meeting. The Company's Articles of Association do not contain any provisions concerning the appointment of a special auditor. During the reporting period, no request was made to the Company for the appointment of a special auditor.

4. Information on Shareholders' Meeting

In 2008, the Company held only one Ordinary Meeting of Shareholders. The Company's 2007 operations were discussed at the General Shareholders Meeting held on April 3, 2008. Of the 39.996.000.000 outstanding shares, 33.950.369.622 (or 84.88%) were represented at the General Shareholders Meeting. The meeting was attended by shareholders (in person or by proxy), stakeholders and media members. Among participants were also representatives of various brokerage houses and banks. Shareholders' questions were answered.

- The General Shareholders Meeting is announced at least three weeks in advance, in accordance with applicable legislation. In an effort to reach the highest number of shareholders possible, the announcement is also published on the Company's website.
- All announcements comply with the Corporate Governance Principles.
- After the invitation to the General Shareholders Meeting is announced, financial statements and reports, including the Annual Report, the proposal for dividend distribution, an informative document on the Agenda of the General Shareholders Meeting, supplementary documents, the latest version of the Articles of Association and the text and justification of amendments to the Articles of Association, if any, are made available to shareholders at the Company's Headquarters and branches, as well as on the website.

- The Company drafts the Agenda of its General Shareholders Meeting in a clear manner to avoid any misunderstanding.
- The announcement of the General Shareholders Meeting includes forms for proxy statements to be used by shareholders who want to be represented by proxy at the General Shareholders Meeting. These forms are also posted on the Company's website.
- Voting procedures are announced to shareholders electronically before the General Shareholders Meeting.
- In 2008, the Company received no requests from shareholders pertaining to the addition of an item to the Agenda.

The legal title of Beko Elektronik A.Ş., one of our subsidiaries has been changed to Grundig Elektronik Anonim Şirketi and as a result of the capital increase, our share was increased to 83,03%.

The Company does not plan any significant change in its management and operational organization in the near future. Any such change will be disclosed to the public in accordance with the applicable legislation.

The Company holds its General Shareholders Meetings at a minimum cost to its shareholders. In this manner, the Company is also committed to implementing the simplest procedures so as not to create any inequality among shareholders. To facilitate the participation of shareholders living in Turkey and abroad in the General Shareholders Meeting, the one week timeframe stated in the announcements is sometimes shortened. Also, all necessary documents are translated into English to inform foreign shareholders on the General Shareholders Meeting and its Agenda. These documents are sent via the banks that conduct the custody and settlement transactions of such shareholders.

The Company holds its General Shareholders Meetings at a minimum cost to its shareholders. The number of participants over the years is tracked and the meeting location is determined based on the number of participants. General Shareholders Meetings for 2008 were held at Divan City, Büyükdere Cad. No. 84, Gayrettepe, Istanbul. The meeting venue is large enough to host all shareholders. The invitation to the General Shareholders Meeting is announced by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law and the Company's Articles of Association. The decision by the Board of Directors to convene the General Shareholders Meeting is announced to the public via disclosures filed with the ISE.

CMB regulations require disclosure of financial statements within 14 weeks of the close of the financial period. However, Arcelik discloses its financial statements well before this deadline. The 2007 year-end financial statements were disclosed at the end of the 8th week. Following the disclosure of financial results, the Company starts its preparations for the General Shareholders Meeting and, upon completion of the necessary legal procedure, the meeting is convened. The General Shareholders Meeting should be convened within three months following the end of the financial period. The Company will discuss its 2008 operations at the General Shareholders Meeting which is to be held on April 25, 2009.

At the General Shareholders Meeting, agenda items are communicated to shareholders in a manner that is detailed, objective, and comprehensible. These agenda items are discussed with shareholders, affording them equal opportunity to make any queries and share their views. Shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the Company's directors and officers.

Any shareholder who holds an access card to the General Shareholders Meeting is entitled to make comments on the Company's operations, request information from Company management, and receive answers to his/her questions. Shareholders' votes on agenda items are entered into the Minutes of the Meeting. Each agenda item is voted on individually. The General Shareholders Meeting is held under the supervision of a representative of the Ministry of Industry and Trade.

The General Shareholders Meeting has authorized the Board of Directors to purchase, sell and lease material assets, as well as to make donations and grants. The Company's Articles of Association include relevant provisions permitting such authorization.

The Minutes of the General Shareholders Meeting are posted on the Company's website and are also made available to shareholders at the Company Headquarters. Shareholders are provided with a copy of the Minutes upon request.

5. Voting Rights and Minority Rights

The Company announces voting procedures to shareholders at the beginning of all General Shareholders Meetings. It avoids implementing procedures that would make voting difficult and provides each shareholder, even those living abroad, with the opportunity to exercise his/her voting rights in the simplest and most convenient way.

The Company's Articles of Association do not provide any privileges for voting. Each share has a single vote. Shareholders do not include any legal entity that is a subsidiary of Arcelik. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy. Minority shareholders attend the General Shareholders Meetings and

comprise the Company's management in the same manner as the holders of majority shares. The Articles of Association do not provide for cumulative voting.

6. Dividend Policy and Deadline for Dividend Distribution

Pursuant to the Corporate Governance Principles, the Company adopts a dividend policy, which seeks a balance between the interests of the shareholders and the interests of the Company.

The Company has determined its dividend policy as follows: "To the extent permitted by applicable legislation and our investment requirements, long-term average dividends proposed at the General Shareholders Meeting by the Board of Directors should not be less than 50% of the annual distributable profit of the Company." The Company's dividend policy is announced in the Annual Report and on the website.

The Company distributes its profit in accordance with the Turkish Commercial Code and the Capital Market Law and within statutory time limits. At the General Shareholders Meeting held on April 3, 2008, it was decided to distribute a 25% gross (21.25% net) dividend in accordance with the operating results of 2007. Dividends were distributed after May 12, 2008.

The Articles of the Association do not grant any privileges in relation to the distribution of dividends.

According to the Company's Articles of Association, the Board of Directors may distribute dividends in advance, provided that such action has been authorized by the General Shareholders Meeting and fulfills the requirements of the Capital Market Law and the CMB's applicable regulations. The authority to distribute dividends in advance, granted to the Board of Directors by the General Shareholders Meeting, is limited one year in which such authorization was issued.

7. Transfer of Shares

The Company's Articles of Association do not include any provisions whereby the transfer of shares by shareholders is complicated or restricted.



Section II: Public Disclosure and Transparency

8. Company Information Disclosure Policy

Purpose:

As a leading global player of the durables sector in both domestically and globally, Arçelik A.Ş. has adopted the policy of informing all shareholders and stakeholders about all company activities in a fair, transparent, complete and comprehensible manner. The purpose of the information policy is to share the past performances, expectations, strategies and non-confidential company goals and company vision in a fair manner, with current and potential investors and shareholders and to announce in a timely and detailed manner all financial information related to Arçelik A.Ş. in line with generally accepted accounting principles and the provisions of the Capital Market Law.

While following an active and transparent information policy, Arçelik A.Ş. fully complies with the Capital Market Law and the relevant regulations of the Istanbul Stock Exchange and applies the most effective communication policy in accordance with the CMB Corporate Governance Principles.

Authorization and Responsibility:

The disclosure policy has been formed on the basis of the recommendations of the Board of Directors. Monitoring and development of public disclosure activities and the public disclosure policy is the responsibility of the Board of Directors. The Finance Directorate and Corporate Communications Directorate have been commissioned to coordinate the disclosure function. Both directorates are led by the Financial Affairs General Directorate. These units fulfill their responsibilities in close cooperation with the Board of Directors and the Audit Assembly.

Methods and Tools:

Within the framework of the Capital Market Law, the regulations of the Istanbul Stock Exchange and the provisions of the Turkish Code of Commerce, Arçelik A.Ş. has determined that the below mentioned tools and methods will be used for the implementation of its public disclosure policy.

1. Disclosure of material events made to the ISE (English translations of these disclosures are simultaneously shared with foreign investors in an electronic environment and they are released on the company web site in English and Turkish)
2. Financial Tables and their footnotes, independent auditor's report and declarations sent periodically to the ISE (These reports are also simultaneously released on the company web site, along with annual reports and financial presentations which are also available in hard-copy.

3. Annual reports (Available both on the official website and in hard-copy.)
4. Company website (www.arcelikas.com)
5. The announcements made via the Commercial Registry Newspaper and the daily newspapers
6. Ad-hoc and periodical press releases announced via written and visual media channels
7. Disclosures made to information sharing organizations such as Reuters, Foreks, and Bloomberg
8. Face to face or teleconference meetings made with investors or analysts
9. Other communication methods and tools including telephone, e-mail, telefax etc.

Material Event Disclosures:

Material Event disclosures are prepared by the Finance Directorate and the Legal Department and, before being sent to the ISE, they are signed by two of the following three: the General Manager, Assistant General Manager of Finance and Accounting, or the Finance Director. When one or more of these parties are absent, Assistant General Managers and other Finance Directors are authorized to sign. Material Event disclosures are sent to the ISE via fax. Material event disclosures are also sent in KAP format in the electronic environment.

Public Disclosure of Financial Tables:

The financial tables of Arçelik are prepared in line with the provisions set by the CMB and are subject to independent audit in line with the International Audit Standards before being disclosed to the public. Prior to public disclosure, the financial tables and the associated notes, will be presented to the Board of Directors for approval, after obtaining the approval of the Audit Board in line with the Capital Market Law. And after the financial tables, their notes and the independent auditor's report are approved by the General Manager, Assistant General Manager in charge of Finance and Accounting or Finance Director, they are sent to the ISE in line with ISE legislation. The Turkish and English versions of the current and previous financial tables and their notes can be accessed via the website of the Arçelik Investor Relations Department. Also, the Investor Relations Department prepares periodic presentations covering the information notes or the financial data and ratios to provide more detailed information to investors and releases them via the department's website.

Annual Report:

The content of the Annual Report is prepared in line with the Capital Market Law and CMB Corporate Governance Principles. After the annual report is prepared, it is approved by the Board of Directors and then disclosed to the public in Turkish and English via the company website. Also the hard-copy reports and those in CD format are made available for Arçelik Shareholders through the Investor Relations Unit Department.

Company Website:

Arçelik's website is a platform where all stakeholders can monitor detailed and up to date information utilizing tools such as charts and calculators that make it easy for shareholders to track share performance. A large portion of the information on the website is provided in Turkish and English and, in addition to daily information, analyses and reviews, retrospective information and background data are also provided. The main titles that can be reviewed at the company web site are as follows:

- Detailed information about corporate identity
- The Company's vision and main strategies
- Information about the Board of Directors and the Company's senior management
- The Company's organizational and partnership structure
- The Articles of Association
- Commercial Registry Information
- Financial information, indicators and analysis reports
- Press Releases
- CMB material event disclosures
- Information and charts about share performance and calculations
- Presentations made to investors
- Information related to the analysts reviewing the company, and analysts' reports
- Disclosure about the date, agenda and agenda items of the General Shareholder's Meeting
- Meeting minutes of the General Shareholder's Meeting and the list of participants
- A sample proxy
- Corporate Governance practices and compliance report
- Dividend Distribution Policy, its background and capital increases
- Disclosure Policy
- Frequently Asked Questions
- Detailed information about corporate social responsibility
- Ethical rules disclosed to the public as part of the disclosure policy

Announcements via the Commercial Registry Newspaper and Daily Newspapers:

As a requirement of the Capital Market Law, Turkish Code of Commerce and our Articles of Association; announcements related to capital increases and dividend payments have to be made via the Commercial Registry Newspaper and daily newspapers.

Ad-hoc and Periodic Press Releases Announced via Print and Broadcast Media Channels:

Arçelik Corporate Communications Department provides detailed information to the public about important developments of the year by providing press releases to the print and broadcast media. Depending on the content of the developments, Arçelik organizes information sessions throughout the year. During these meetings, Arçelik's General Manager or other senior managers make detailed presentations to journalists invited from the print and broadcast media. These presentations may be about the companies' performances or general developments related to Arçelik A.Ş. and answer questions posed by journalists.

In addition to that, other than regular press meetings, ad-hoc press releases about significant developments concerning the Company may be sent to media institutions. Depending on the nature of these developments, a press conference can be organized instead

Questions or information requests sent by the press about developments or general business issues are reviewed and replied to in every case.

Disclosures to Information Sharing Organizations such as Reuters, Foreks, and Bloomberg:

All written disclosures shared by the Arçelik Corporate Communications department, with print and broadcast media organizations are communicated to the above mentioned agencies and the representatives of these agencies are invited to press meetings as appropriate.

Face to Face or Teleconference Meetings with Investors or Analysts:

An Investor Relations Unit Department is headed by the Assistant General Manager of Finance and Accounting with the goal of managing relations with existing or potential shareholders, answering investors' inquiries in the best possible way, and increasing the Company's value. Relations with shareholders are managed by this department.

With the goal of sharing information with shareholders about the Company's operational and financial performance, its vision, strategies and goals, the Company's senior managers and the Investor Relations Unit come together with brokerage houses, analysts and investors frequently and prepare question/answer charts and summary information in order to promote the company in the best possible way. All meeting requests from shareholders are tried to be met and shareholders are given the opportunity to meet in person the highest level company manager depending on availability. With the informative notes delivered to shareholders via the regularly updated company website, the shareholders and analysts are given an opportunity to follow the Company's developments closely.



Disclosures of Prospective Statements:

From time to time, Arçelik A.Ş. can make prospective announcements related to anticipated events. Prospective disclosures are made in writing and are based on certain assumptions; the actual results can be quite different from what is foreseen by prospective announcements due to risks, uncertainties and other factors, at this point the investors are informed about the issue.

Follow up of News and Rumors about Partnership:

Via its contracted media follow-up agency, the Company monitors the print and broadcast media on a daily basis. Relevant news items are reported to senior management and the content of the news items are reviewed. Senior management also monitors local and international news about the Company via information agencies such as Reuters, Bloomberg, and IBS.

If the company wishes to make a disclosure about a news item or a rumor that has emerged in the media but does not carry an obligation to make a material disclosure, the issue will be introduced to the agenda by the Assistant General Manager of Finance and Accounting and a disclosure may be made.

Criteria Used For Determining Employees with Administrative Responsibilities

Company employees with administrative responsibilities providing access to internal information are determined on the basis of the information they have access to.

Accordingly, those managers and other personnel with detailed information about only a portion of the Company's business and with detailed information about the Company's business in general would not be categorized as company employees with access to internal information.

However, Board Members, the General Manager and the Assistant General Managers and certain other senior level managers working at the head office and who have detailed information about the current and future plans of the company, can be included in the category of personnel with access to internal information.

The list prepared in line with these criteria, will be shared with the public in accordance with the provisions of the relevant CMB notification.

Maintaining the Confidentiality of Information to be Disclosed:

As part of the effort of maintaining a balance between transparency and protecting the Company's interests, the Company places great emphasis on ensuring that all its employees obey the rules about insider information. All precautions are taken to prevent the illegitimate usage of insider information. The Business Ethics Principles, which are documented and delivered to all employees, clearly sets out appropriate business conduct for all Arçelik A.Ş. employees.

Any information that can be considered a commercial secret that needs to be withheld from third parties and is obtained by an employee through his or her career in the company is considered to be company information. All employees will protect company information during and after their employment in Arçelik A.Ş. and they will not use such information directly or indirectly. No Arçelik A.Ş. employee can engage in any business activity that would enable him/her to make gains from trading the shares of Arçelik or other Koç Group companies based on information he/she obtained from inside during the course of his/her employment.

Arçelik A.Ş. implements a 'Silent Period' whereby Company employees refrain from sharing with the public information about the periodical results before official disclosure of these results is made. The Silent Period starts three weeks before the date of announcement of the end-of-year results and two weeks before the announcement of quarterly results.

The directors and officers of the Company, the managers of subsidiaries abroad and appointments and resignations disclosed in 2008 in material disclosures were as follows:

Board of Directors

Rahmi M. Koç	Chairman
Dr. Bülent Bulgurlu	Vice Chairman
Robert Sonman*	Member
Mustafa V. Koç	Member
Semahat S. Arsel	Member
Temel K. Atay*	Member
M. Ömer Koç	Member
Hasan S. Subaşı	Member
A. Gündüz Özdemir	Member

*Temel K. Atay and Robert Sonman are also members of the Board of Auditors.

Board of Auditors

Ahmet Sönmez
Serkan Özyurt

Members of the Board of Directors and Board of Auditors have been elected based on Ordinary Shareholder's Meeting dated April 3, 2008.

Senior Management

Levent Çakıroğlu	Arçelik A.Ş. General Manager
Atilla İlbaş	Assistant General Manager - Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager - Finance and Accounting
Fredrik Ulf Janson	Assistant General Manager - International Marketing and Sales
Şirzat Subaşı	Assistant General Manager - Turkey Marketing and Sales

Levent Çakıroğlu**Arçelik A.Ş. General Manager**

Mr. Çakıroğlu started his career at the Ministry of Finance as an Assistant Financial Analyst before commencing as Director of Finance at Koç Holding in 1998. Between 2002 and 2007, he served as Koçtaş General Manager and between 2007 and 2008 he served as Migros General Manager. Since August 2008, he has served as Arçelik A.Ş.'s General Manager.

Atilla İlbaş**Assistant General Manager - Production and Technology**

Mr. İlbaş started his professional career as a Project Engineer at Arçelik A.Ş. head office in 1979. He has been serving as Assistant General Manager in charge of Production and Technology since 2005.

Dr. Fatih Kemal Ebiçlioğlu**Assistant General Manager - Finance and Accounting**

Dr. Ebiçlioğlu started his career at the Ministry of Finance as an Assistant Financial Analyst and has been working with Arçelik A.Ş. since 2005 as Assistant General Manager in charge of Finance and Accounting.

Fredrik Ulf Janson**Assistant General Manager - International Marketing and Sales**

Mr. Janson started his career at Procter&Gamble as Assistant Brand Manager in charge of Scandinavia in 1987 and he has been serving as Assistant General Manager in charge of International Marketing and Sales at Arçelik A.Ş. since June 2007.

Şirzat Subaşı**Assistant General Manager - Turkey Marketing and Sales**

Mr. Subaşı started his career as a sales representative at Beko Ticaret A.Ş. in 1986 and he has been serving as the Assistant General Manager in charge of Marketing and Sales in Turkey since 2003.

Appointments in 2008

General Manager - Levent Çakıroğlu

Mr. Çakıroğlu was appointed to this position on 25 August 2008.

Resignations in 2008

Koç Holding A.Ş. Durables Group President - Arçelik A.Ş. General Manager - Aka Gündüz Özdemir

(Mr. Özdemir resigned from his post of Arçelik A.Ş.'s General Manager on 25 August 2008 and he currently serves as Koç Holding A.Ş.'s Consumer Durables Group President.)

Assistant General Manager - International Marketing and Sales
Fredrik Ulf Janson

(Mr. Janson resigned on 13 January 2009.)

All material event disclosures are released on the company website in Turkish and English.

All inquiries from outside of the Company are answered by the Company's senior management or by personnel in the Finance Department as authorized by senior management. After the disclosure of the financial results, summary presentations are prepared for analysts reviews and are disclosed to the public via the website.

Securities bought by members of the Board of Directors, officers and shareholders who directly or indirectly hold at least a 5% interest in the Company in the preceding year are announced to the public in compliance with Capital Market Law and this information is posted on the Company's website.

The Company prepares consolidated financial statements and notes in accordance with the CMB's Communiqué Series XI, No. 29. These financial statements and notes are disclosed to the public after being audited by an independent auditor.

Annual Reports are prepared in compliance with securities legislation, CMB regulations and Chapter 2, Article 3.2.2 of the CMB's Corporate Governance Principles.



9. Disclosure of Material Events

During the reporting period, the Company made 21 material disclosures. Neither the ISE nor the CMB requested additional explanations with respect to public disclosures made in 2008. Since the Company does not have any securities listed on foreign stock exchanges, it is not required to make any material disclosures other than those made to the ISE and the CMB. The Company made all its material disclosures in due time, was not subject to any sanctions.

10. The Company's Website and its Contents

As required by the CMB's principles, the Company uses its website (www.arcelikas.com) to ensure effective and rapid interaction with investors and continuous communication with shareholders. All information listed in Chapter 2, Article 1.11.5 of the CMB's Corporate Governance Principles is available on the website. The Company prepares its website in Turkish and English and in the form and with the content specified by the CMB's Principles. The Finance Director is responsible for developing the content of the investor relations section of the official website, updating information and making other additions. The Company is continuously working to provide the best service possible through its website.

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder/Shareholders

There are no special circumstances which might influence investors in the event that the names of the ultimate controlling shareholders of the Company are disclosed. Since the public already knows that members of the Koç family are the ultimate controlling shareholders, no separate calculation or disclosure has been made.

12. Disclosure on Insiders

To maintain the balance between transparency and the Company's interests, the Company ensures that all employees obey the rules regarding the use of insider information. The Company takes all necessary measures to prevent the use of insider information. The "Code of Business Conduct" distributed to the entire Company describes how all Arçelik employees are expected to behave in business life. "Proprietary information" is defined as any information which is accessed by employees while working for the Company, and as any information which should not be known by anyone other than on a "need-to-know" basis, as well as that which can be considered a trade secret.

All employees must protect proprietary information during and after their employment, and must refrain from using such information directly or indirectly. No Arçelik employee or another member of the Koç Group may profit by buying or selling shares of Arçelik using insider information.

Public announcements are made in case any administrator of the Company, who holds knowledge that can affect the value of capital market instruments, trades shares in the Company. Such information is also announced on our official website. A list of senior managers who have access to knowledge that may affect the value of the market capital of the Company is given in the Company Annual Report.

Section III: Stakeholders

1.3. Informing Stakeholders

The stakeholders of Arçelik include the third parties which have a direct relationship with the Company. Stakeholders are invited to meetings whenever necessary or are informed using telecommunication channels. The Company believes that cooperation with stakeholders is beneficial in the long run and respects and protects the rights of stakeholders as specified in applicable legislation, agreements and by mutual understanding. The Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions. The Company's most important stakeholder group consists of more than 4.500 dealers. The Company holds regular Dealer Meetings to inform its dealers of its policies, targets and economic developments, as well as to get their feedback and hear their concerns. The Company also has around 3.500 suppliers and with the meetings held with the suppliers, inspections held at suppliers' sites and via the suppliers' portal, the company shares with its suppliers the business results of the previous year as well as Arçelik's strategies, policies and goals.

Relationships with employees working under Collective Agreements are conducted with union representatives. As an employer, Arçelik is a member of MESS (Turkish Metal Industrialists' Union) while its blue-collar workers are registered with the Turkish Metal Union. In December of 2008, MESS and the Turkish Metal Union signed a collective agreement for the period covering September 1, 2008 to August 31, 2010.

1.4. Participation of Stakeholders in Management

Mechanisms and models supporting the participation of stakeholders, and especially of employees, in the Company's management have been developed without impeding the operations of the Company. Stakeholders are encouraged to participate in management through various channels such as proposals or surveys, which do not delay Company operations. Arçelik consults with and obtains the consent of the labor union with regard to changes in working conditions, the working environment and the rights of workers. Dealers are encouraged to participate in the Company's management through Dealer Meetings.

1.5. Human Resources Policy

While taking confident steps to achieve its vision, Arçelik is committed to continuing its successful performance through relying on its core value: "Our most important asset is our people". In this regard, the Company is guided by its shared values and code of business ethics, as well as its firm conviction that human resources policies are compatible with strategies that guarantee a promising future. Arçelik defined its human resources (HR) policies in 2006 and communicated these to its employees in Turkey and abroad, along with its shared values and business ethics code published in several languages. The basic principles of these policies are as follows:

- The Company's local and global human resources systems and practices are balanced. As a company operating on a global basis, local legislations, practices and needs are respected. Should any HR policy and practices conflict with local legislation, local legislation will prevail
- All HR policies are aligned with Arçelik's business strategies
- All HR processes and applications should support and respect the protection of internationally proclaimed human rights. This principle brings non-discrimination and equal employment opportunities philosophy into the organization. Arçelik does not discriminate on the basis of ethnic origin, race, nationality, disability, political views, religious beliefs, age, gender or sexual orientation
- Fairness, consistency and reliability are the basis of all HR applications
- Aiming the continuous improvement of HR standards, the Company systematically and periodically reviews these standards and revises its HR processes regarding latest improvement and feedback provided.

Industrial relations with employees covered by a collective agreement are managed through workplace representatives. The objective is to ensure cooperation between the employer and employees, as well as to maintain a harmonious and peaceful working environment and help solve problems according to applicable legislation and the collective agreement.

Arçelik is committed to meeting all relevant national standards for health and safety in order to ensure a hygienic, ergonomic, and safe environment.

Arçelik's existing and future personnel requirements are met through a sound recruitment and selection process. The aim is to establish a mutually beneficial employment relationship between the employee and the Company. In the recruitment process, Arçelik provides equal opportunities for all candidates who have the appropriate training, knowledge, skills, competencies and experience required for the job.

The training and development approach aims to reinforce the improvement of the Company and individual performance through continuous development. All training and development activities should be consistent with the Company's strategies and objectives and also should cover work requirements, and current and future individual needs. Arçelik believes that personal success is a must for organizational success. Keeping this in mind, Arçelik uses various development management systems to continuously develop the performance of its employees.

The remuneration management approach is defined within the framework of a fair and competitive employment policy.

For the purpose of encouraging conduct and behavior that will facilitate the fulfillment of the Company's goals, foster a sense of loyalty, motivation and efficiency or lead to the adoption of better practices and applications, Arçelik assesses and recognizes any achievements, inventions and/or suggestions that will yield benefits and savings of a quantitative nature.

16. Information on Relations with Clients and Suppliers

Customer and supplier satisfaction is a high priority and an indispensable target at Arçelik. Customer satisfaction is carefully monitored and regularly reported on. The Company attaches great importance to maintaining the confidentiality of its customers and suppliers' information, which is classified as a trade secret.

Arçelik Call Center directly handles all kinds of customer inquiries, problems and proposals, seven days a week, 24 hours a day, and when necessary it informs the relevant departments. Capitalizing on the advantages of its latest technology, the Arçelik Call Center offers numerous communication channels to its customers. In addition to phone and email, it is also possible to access the Center via fax and regular mail. The Center responds to the majority of requests immediately. By handling customer requests promptly and conducting customer satisfaction surveys to collect feedback from the field, the Arçelik Call Center is enabling the Company to seize developmental opportunities. In so doing, it is continuously raising the bar in terms of service quality.

The following appears inappropriate for the Corporate Governance section> The Arçelik Call Center won first prize in the Best Technology Usage category of the Call Center Awards Ceremony held by IMI Conferences.

In 2008, our call center proved its service quality by receiving two awards in the Best Call Center with 50 to 249 Seats and the Best Call Center Environment categories at the Istanbul Call Center Awards 2008 contest.

During the Istanbul Call Center Awards 2008 contest, over 30 companies were evaluated and best companies for the 15 categories were selected.

In the Best Call Center category, the candidates were evaluated on the basis of various criteria, including leadership and planning, process management, human resources management, performance management, customer focus, and data security.

In the Best Call Center Environment category, candidate centers were evaluated on the basis of various factors, including location, building, security, emergency scenarios, office decoration, ergonomics, and equipment.

Arçelik Call Center, a customer-satisfaction oriented organization, has been successfully handling our communication with our domestic customers since 1991. In 2008, the Center initiated another big project and added a new market location to its service network. The Center started to provide before- and after-sales service in German to its customers in Austria. The Center handles all before- and after-sales inquiries related to Elektrabregenz, Beko and Altus branded products manufactured for the Austrian market.

In 2008, the Consumer Service Department, operating under Consumer Services Directorate, brought field services to consumers with 619 authorized services under 13 regional offices, a vehicle fleet of 5,600 and around 12,000 personnel, 6,000 of which are technical personnel. Technical personnel are trained and certified by the Technical Services and Training Unit under the Consumer Services Department.

Our authorized services made 11 million service visits. The Department also offers fitting and installation services for newly purchased products, which is an important aspect of our service.

The Company places great emphasis on meeting and guaranteeing certain quality standards for products and services. Products and services that fail to meet these standards are compensated for in line with the relevant consumer protection laws. If they desire, the consumers can purchase additional warranty periods for their products.

17. Social Responsibility

The Company considers corporate social responsibility an indispensable part of its core business. Within the framework of its corporate social responsibility philosophy, Arçelik assumes responsibility for protecting the environment and reducing the consumption of natural resources in its production and product development processes. Moreover, consistent with the principle of sustainable development, the Company pays careful attention to meeting social needs and fully complies with all applicable laws and ethical principles and observes human rights in all its operations. The Company discloses its corporate social responsibility policies and efforts in the relevant section of its Annual Report and also on its website.

Section IV: Board of Directors

18. Structure and Composition of Board of Directors and its Independent Members

The Board of Directors of Arçelik is composed of nine members. The Company's Articles of Association allow for the General Manager to serve on the Board of Directors. Mr. A. Gündüz Özdemir acts as an Executive Board Member until the 31th of July 2008. Mr Levent Çakıroğlu was appointed as the new General Manager effective as of this date although he was not a member of the Board of Directors during 2008. Following the election of the Board of Directors by the General Shareholders Meeting, the Chairman and Vice Chairman of the Board are elected. In the event of any vacancy on the Board, Article 315 of the Turkish Commercial Code applies. Pursuant to Articles 334 and 335 of the Turkish Commercial Code, the Chairman and members of the Board seek the consent of the General Shareholders Meeting in order to directly or indirectly engage or own shares in any business which is similar to the business of the Company.

The Company's Board of Directors does not have an independent member. All Directors have worked in various sectors for many years and are experienced in the business of the Company. The Company benefits much from the knowledge and experience of its Directors. The Directors are able to voice their opinions openly, free from any influence. The Company has affiliates and subsidiaries operating in various industries. Believing that Directors' participation in the management of related companies serves the interests of the Company, Directors are not subject to any rules or restrictions regarding the assuming of other tasks outside the Company.

19. Qualifications of Board Members

The structure of the Company's Board of Directors ensures maximum efficiency and effectiveness. Directors are qualified pursuant to Chapter 4, Articles 3.1.1, 3.1.2, 3.1.3 and 3.1.5 of the CMB Corporate Governance Principles. However, the Company's Articles of Association do not include any provisions in this regard.

20. The Mission, Vision and Strategic Goals of the Company

The Company's Mission

In line with values, goals and strategies of Koç Group are to develop, produce, present and service products which meet our customers' needs beyond their expectations, ease home life, are easily purchased and used, and are reliable and to grow and develop continuously in target markets with shareholders' satisfaction by providing customer loyalty and satisfaction while using resources effectively.

In line with the Articles of Association of our company, the strategic goals and the actual operations as well as past performance are assessed during regularly convened Board meetings. During these meetings, the current situation of the company is reviewed and new goals and strategies are developed as necessary.

21. Internal Control and Risk Management

The management of financial risks is the responsibility of the Treasury and Capital Markets Department and financial risks are screened and reported by the Risk Management Department formed within the structure of the Finance Directorate. To create a reliable internal control mechanism, an Internal Audit Department has been established and it reports to the Assistant General Manager of Finance and Accounting. Related departments are responsible for determining and reporting financial and operational risks. The Audit Committee continuously monitors the functioning and effectiveness of the system and, when necessary, informs the Board of Directors of any problems and proposed solutions with respect to the internal control mechanism.

22. Authority and Responsibilities of the Members of the Board of Directors and Executives

The powers and duties of the Company's Board of Directors are defined clearly in the Articles of Association. Powers are listed in detail with the list of authorized signatures. These documents are filed with the competent authorities and also posted on the Company's website.

23. Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors meets as the Company's business requires. The Board must meet at least four times a year. The Board convenes upon the request of the Chairman or two members. Reasons for any dissenting opinion or vote are recorded in the Minutes of Board meetings. Detailed reasons for dissenting votes are disclosed to the public. However, no such disclosure was made in 2007, since no dissenting opinion was voiced during Board meetings.

A Board meeting agenda includes issues that are reported by the relevant departments to the Company officers and directors and require a Board decision according to the Articles of Association. A meeting agenda is also prepared when any Director informs the senior management of the Company of a material issue which requires a Board decision. Issues requested to be discussed at the Board Meeting are compiled and consolidated by the Assistant General Manager in charge of Finance and Accounting.

Arçelik has assigned the Assistant General Manager in charge of Finance and Accounting to determine the Agenda of the Company's Board Meetings, to prepare Board decisions made pursuant to Article 330/II of the Turkish Commercial Code, to inform the Directors and to provide communication.

Board Meetings are held at the Company Headquarters or at a place in the city conveniently located near Headquarters

24. Prohibitions on Transacting or Competing with the Company

Although there is no rule restricting any Director from dealing or competing with the Company, no Director is doing so at present.

25. Code of Ethics

Arçelik continually strives to be a symbol of reliability and respect to its partners, dealers, side-industry collaborators and customers and always respects the law. The Arçelik Group as a whole, including its employees, shareholders, dealers and other business partners, is fully aware of its responsibilities to society, the environment, its customers and business partners. These responsibilities constitute the fundamental principles of its business ethics.

Arçelik's business ethics are central to the daily work of the Company. Therefore, the Company has documented and communicated its code of business ethics to ensure that Arçelik employees, at all levels, understand, accept and comply with these business ethics during the performance of their duties. Arçelik's Code of Business Conduct includes the following principles:

- To avoid conflict of interest at Arçelik, the Code of Conduct describes the expected behavior of employees in relation to their commercial investments, business activities, gifts and invitations, business activities of relatives, employment by suppliers, etc.
- While collecting information about competitors to facilitate the goals and strategies of the Company, employees must be aware of Arçelik's values and business ethics
- Protecting commercial secrets is critical to ensuring the Company's future success and, ultimately, the job security of its employees
- Arçelik respects intellectual property rights and its employees comply with all legal requirements when using any article, invention, work, etc. owned by someone else. No books or other intellectual works owned by someone else are used by Arçelik without payment of appropriate royalties
- The Company is committed to comply with all laws and regulations pertaining to its products and operations
- Internal audits are conducted to ensure that operations are managed adequately, by comparing them with policies and stipulated procedures
- Arçelik business principles require respect for others, avoiding abstaining from the use of alcohol and illegal drugs in the workplace and during working hours, ensuring workplace safety and security, creating a peaceful working environment and treating everyone equally without discrimination.

If an employee is uncertain of any aspect of Arçelik's business ethics, the tools and chain of authority to be consulted are clearly defined. In the event of any violation of these business ethics, following a proper and thorough investigation, Company disciplinary measures will be employed.

26. Number, Structure and Independence of Committees Established by the Board of Directors

The Company has set up an Audit Committee to ensure that the Board of Directors fulfills its duties and responsibilities in a reliable manner. The Audit Committee is composed of two members. In 2008, the Board elected Mr. Temel Kamil Atay and Mr. Robert Sonman to serve on the Audit Committee. The Audit Committee operates regularly in compliance with Capital Markets legislation and the CMB's Corporate Governance Principles. The members of these committees are not independent members. The Company plans to set up a Corporate Governance Committee in the future and is committed to acting in line with applicable legislation and regulations issued by the CMB. The issue of creating the committee after making the necessary amendments to the Articles of Association will be voted on at the General Shareholders' Meeting to be held on March 25, 2009.

27. Remuneration of the Board of Directors

Pursuant to the Articles of Association, the rights to be granted to Directors are determined at the General Shareholders Meeting. At the General Shareholders Meeting of April 3, 2008, the shareholders decided to pay a salary to the Directors. According to this decision, the Chairman and Members of the Board will be paid a monthly gross salary of TRY1.335. Executive members also receive remuneration based on their performance. Directors and Officers are not allowed to borrow or receive loans other than advance payments granted in compliance with the Company's internal procedures. No surety is granted in favor of Directors and Officers.