2008-09
Arçelik A.Ş.
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We are conscious of our responsibilities. We strive to leave a better world behind for next generations. Our corporate vision leads our way towards meeting these responsibilities.
Message from the CEO

Distinguished stakeholders,

We take great pleasure in sharing with you our second Sustainability Report. This report gives us an opportunity to reaffirm our dedication to being accountable and transparent.

The rising global competition, global economic volatility, corporate governance issues and the emerging reality of climate change have been posing unprecedented challenges to the corporations globally in the last couple of years. Around the globe, environmental, social and economic impacts of companies are being put on the spotlight and their responsibilities for achieving growth and development that are sustainable, are being questioned.

As a company with ambitions to grow globally, we believe it is our responsibility to respond to these global challenges. We take our responsibilities even one step further and turn these challenges into opportunities.

Being a part of the solution

As in many sectors, we continued to feel the financial consequences of the global economic crisis in 2009. The durable consumer goods market suffered a decline worldwide, albeit some regional differences. Despite these challenges in our main markets, we have achieved our financial and strategic targets. We focused on improving productivity and micro cost management to reach operational efficiency. We stayed committed to delivering sustainable growth and increased shareholder value through our outstanding portfolio of brands, cutting-edge, environmentally-friendly innovation capacity and talented and driven work force.

We are dedicated to making the most positive impact on the environment through our user-friendly, water and energy efficient products. With our everlasting innovation efforts, we strive to produce the “mosts” and the “firsts” in our sector. Our initiatives are acknowledged by the numerous awards we received from reputable organizations worldwide.

There are pressing social and economic challenges in the countries where we operate. As a corporate citizen we do our part to help solve some of these issues, through public-private partnerships and collaboration with NGO’s especially in the field of education and capacity building. “The Standing United for Education Program”, initiated in March 2004 in Turkey, continues to be a success thanks to the efforts of our voluntary teams. We also support several community programs in Russia and Romania designed to improve lives of younger generations in different parts of the world.

We assume a leadership role in our industry and in the countries we operate by being a part of the solution. Our employees, authorized dealers and services, suppliers and business partners are the forces behind our corporate citizenship initiatives.

Stakeholder engagement

Without a doubt, the most vital factor in our business performance is our internal stakeholders, who are our employees. As an international company, Arçelik makes the most out of its highly-qualified and diverse human resources. A peaceful, fair and safe workplace is essential to high performance and we strive for the best-practice in our industry.

Constant dialogue and long-standing relationship with our customers, authorized dealers, services and suppliers lie at the heart of our business success. We strive to empower our business partners through various initiatives - focusing on financial, environmental and social performance - to maintain our global competitive edge.
New vision "Respects the Globe, Respected Globally"

In 2009 we introduced our new vision "Respects the Globe, Respected Globally". Aligning our sustainability goals with our new vision and integrating sustainability into our corporate operations and culture play a crucial role in our roadmap to move towards this vision.

In this report, we present our corporate sustainability performance and practices pertaining to the years 2008 and 2009. In our report we summarize our long-lasting commitment to continuous performance improvement and our approach to managing the five main issues in our sustainability agenda: corporate governance, environmental responsibilities, social responsibilities, our role in the community and our human resources management.

In order to demonstrate our progress, this year we publish our sustainability report according to globally recognized reporting framework, the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

With this report we share some of our sustainability practices with you. We sincerely hope that it will provide you with a better understanding of our efforts and our commitments. Our goal is to continuously advance our environmental, social, governance and financial performance. We appreciate your feedback and continuing support and contribution to our Company’s sustainability efforts.

Sincerely,

Levent Çakıroğlu
President of the Durable Goods Group of Koç Holding A.Ş.
CEO of Arçelik A.Ş.
Arçelik A.Ş. at a Glance

Founded in 1955 in Turkey, Arçelik A.Ş. offers its products and services in more than 100 countries. The Company has 11 production facilities in Turkey, Russia, Romania and China, and sales and marketing organization operating internationally.

Arçelik produces and sells LCD TVs and 5 main white goods, namely refrigerators, washing machines, dishwashers, cooking appliances (hobs, hoods, ovens, cookers and mini-ovens) and tumble-dryers. The Company also sells air-conditioners, small household appliances, electric motors and compressors. The products are sold under 10 international and local brands: Arçelik, Beko, Grundig, Altus, Blomberg, Elektrabregenz, Arctic, Leisure, Flavel and Arstil.

With 3,600 authorized dealers and 590 authorized services in Turkey, Arçelik holds the largest services network in Turkey, retaining its leadership position in the white goods, LCD TV and air conditioner markets as of 2009.

Arçelik has enhanced its market share significantly by adding new distribution channels in the Company’s core export markets in Western Europe, particularly in the UK, and Romania. Total consolidated net sales in 2009 were TRY 6.6 billion and the production quantity reached 11 million units for 5 main white goods products and LCD TVs.

Arçelik belongs to the largest conglomerate in Turkey, Koç Group, which is active in four core industries internationally: energy, automotive, financial services and durable goods and is ranked as the world’s 273rd largest company by Fortune Magazine in 2009.
International Markets

Target Market; The Globe

Arçelik has been the leader of the Turkish market in its sector in 2007, 2008 and 2009 with a market share exceeding 50%. In international markets, Arçelik is one of the top 5 actors in Western and Eastern European markets thanks to its strong brands.

Beko brand was one of the top 10 household appliances brands in the world in 2009 for 8 major product groups (MDAB).

In the UK, Beko is the second biggest player of the market and the leader in refrigerator, freezer and cooker segments.

In France, Beko achieved the highest market share increase rate in domestic appliances market.

In Romania, Arctic brand is the market leader with a market share over 30%.

Regional distribution of net sales

In 2009, 52% of our net sales resulted from international sales, where sales in Europe (including mainly the UK, France, Germany, Austria, Spain, Poland, Romania and Italy) accounted for 40% and others (Russia, China, Iraq, Iran, Algeria, Libya, Israel) accounted for 12% of the total sales.

Arçelik A.Ş. and Grundig Elektronik A.Ş. merger

Beko Elektronik A.Ş., a former subsidiary of Arçelik Group, (operating in production, sales, export and import of televisions, computers, cash registers and miscellaneous consumer electronics) acquired Grundig Multimedia B.V. in equal partnership (each owning 50% of share capital) with Alba Europe Limited in 2004.

In 2008, Beko Elektronik A.Ş. purchased the remaining 50% of the shares of Grundig Multimedia B.V. held by Alba Europe Limited. Following this acquisition, Beko Elektronik A.Ş. has become the sole owner of Grundig Multimedia B.V. and “Grundig” consumer electronics brand. As a result, the legal title of Beko Elektronik A.Ş. has become Grundig Elektronik A.Ş.

In line with the process of restructuring the consumer electronics segment, on 27 February 2009, Arçelik’s Board of Directors resolved on the merger of Arçelik A.Ş. and Grundig Elektronik A.Ş. and as of 30 June 2009, Grundig Elektronik A.Ş. officially merged with Arçelik A.Ş.
Global Operational Network

17,000 EMPLOYEES
11 PRODUCTION FACILITIES IN 4 COUNTRIES
SALES AND MARKETING ORGANIZATION OPERATING IN 18 COUNTRIES
PRODUCTS AND SERVICES IN OVER 100 COUNTRIES

Headquarters
Istanbul, Turkey

Production Plants in Turkey
Eskişehir
İstanbul
Bolu
Ankara
Tekirdağ
Eskişehir
Tekirdağ
Refrigerator Plant
Washing Machine Plant
Electronics Plant
Cooking Appliances Plant
Dishwasher Plant
Electric Motors Plant
Compressor Plant
Tumble Dryer Plant

International Presence
Production, Sales and Marketing
Romanta
Romania
Russia
China

Sales and Marketing
Germany
Austria
Czech Republic
China (Shanghai)
France
U.K.
Spain
Italy
Slovakia
Poland
The Netherlands

* Operates in 8 countries in Europe
Our Approach to Reporting

At Arçelik, the notion of sustainability has always been at the centre of our operations. Communication about our sustainability efforts to our stakeholders through a report dates back to the year 2003, where a specific chapter to "sustainability" was included in our Annual Report. In 2008 we published our first dedicated Sustainability Report, covering our sustainability practices and performance until the end of the year 2007.

This report, being our second dedicated sustainability report, outlines our environmental, social and governance policies, practices and performance for the full years 2008 and 2009. Starting with this report, we plan to publish a sustainability report on annual basis.

In determining the content of this report, we have taken into account the information needs of our main stakeholders, namely our customers, employees, (potential) investors, consumer organizations and our business partners.

We used a number of standards and international guidelines to develop the contents of our Sustainability Report, including GRI’s (Global Reporting Initiative) G3 Sustainability Reporting Guidelines, United Nations Global Compact Principles and the EFQM Framework for Corporate Social Responsibility.

This is the first time that we based the contents of our Sustainability Report on the GRI’s G3 Sustainability Reporting Guidelines. GRI is a global, multi-stakeholder network of business professionals, representatives from labour organizations, investors, accountants and others, who work together to develop an internationally accepted standard for corporate responsibility reporting.

The GRI uses application levels to indicate the extent to which its reporting principles and guidelines have been applied. We assessed our Report at the “C-application level”, which is also checked and approved by the GRI Secretariat.

A detailed overview of the disclosure items can be found at the end of this Report in the form of a GRI index table. The index table also serves as reference point for the readers of this report to find specific information. The index table makes references to our 2009 Annual report for a number of disclosure items on corporate governance and financial performance data and information.

This is also the first time that we tried to align our data collection system with the metrics required by the GRI Guidelines. Most data included in this report are provided separately for the years 2008 and 2009, which makes benchmarking possible. From our next report onwards we will report data for the past three years.

The data and information collection process was guided by our Corporate Communications Department, where all relevant departments at Arçelik contributed to the contents of this report.

As Arçelik, we aspire to improve our sustainable performance and reporting processes in accordance with the feedback we receive from our stakeholders. We therefore appreciate receiving any comments and/or suggestions. Please see the back of this report for contact details.
Scope and Boundary

In line with our goal of becoming a global company, we also tried to provide data and information on a global scale. The data and information included in this Sustainability Report cover Arçelik’s global operations for the years 2008 and 2009, unless otherwise stated. All figures provided are based on 31 December values.

The environmental data refer to our production plants in Turkey. The data on human resources are, to the extent possible, provided for our global operations. Exceptions are indicated under the headings, figures or tables in question. Financial figures given in this report are consolidated for our global operations. The figures of 2009 also include Grundig Elektronik A.Ş. Detailed information about our financial performance and governance structure is published in our Annual Report.

The information and data included in this report, which represent our environmental, human resources and financial performance, cover our operations and facilities where we have full or majority shareholding, unless otherwise stated. Joint ventures (with minority holdings) and outsourced operations are not included in the scope of this report.

In the light of improving our reporting practices, in the coming years, we plan to expand gradually the boundary of this report to include our production facilities outside Turkey for environmental and human resources related issues. We also plan to report on an increased number of GRI performance indicators.

In this report, all references to “Arçelik”, “Arçelik A.Ş.”, “we”, “Arçelik Group” and “the Company” refer to global operations of Arçelik as a Group unless otherwise stated.

Key Issues

This report is developed to provide insights in our policies, practices and performance on issues that are material to us and to our stakeholders. We grouped these issues under the three main aspects of sustainability.

**Economic**

- Sustainable growth
- Improved profitability
- Global penetration
- Good corporate governance

**Environmental**

- Investment in technology, R&D and innovation
- Energy and water efficiency at plants
- Energy and water efficient products
- Avoid usage of hazardous and restricted substances in production and products (REACH, RoHS, CFC, etc.)

**Social**

- Customer satisfaction
- Employee satisfaction
- Relations with business partners
- Community investments
Our Business Objectives

As a corporate citizen we are aware of our responsibilities to contribute to a more sustainable world. We do this in many ways. We assume responsibility for reducing the environmental impact of our activities and our products. We take additional actions to improve the working standards of our employees, the quality of life of the communities in which we operate, and quality of life of our customers through providing high-quality, innovative and safe products and services. While striving for environmental excellence and social prosperity, we also pay attention to our duties for our investors and shareholders.

Through our newly defined vision “Respects the globe, Respected globally”, we are on the way to fully integrating the “sustainability” approach to our core business operations. Our four business objectives represent the three aspects of sustainability; namely, economic, environmental and social aspects.

**Sustainable growth**
- Maintaining sustainable growth through improved profitability, increased production capacity and global penetration
- Generating economic value for our stakeholders (employees, shareholders, etc.)

**Innovation**
- Providing energy efficient, value-added, cutting-edge products and solutions with innovative and environmentally-friendly manufacturing processes and customer-focused applications

**Corporate responsibility**
- Respecting good governance, ethics, transparency and accountability at all business levels
- Providing energy efficient products and production processes and raising consumer awareness on energy efficiency
- Implementing projects that cater for and uplift the standards of the society

**Global organization**
- Enhancing competencies of our human resources and building a creative corporate culture enriched by geographical and cultural diversities

Sustainability Management

As Arçelik, we are guided by our vision and shared corporate values. We deem it crucial to manage and improve our economic, environmental and social performance while operating in an ethical and transparent manner.

We track our economic, environmental and social performance in line with our corporate business targets; assess their outcomes and implement necessary improvements while taking stakeholder views and needs into consideration.

We take an integrated sustainability management approach, where we deploy various systems to manage various sustainability risks and turn them into opportunities. These systems are related to environmental issues (pollution prevention, waste management, carbon footprint, product responsibility, water and energy efficiency, raw material usage), economic issues (corporate governance, laws and regulations, business ethics, corruption) and social issues (human rights, supply chain, community engagement, employee health and safety and employee diversity, customer health and safety, etc.).

At Arçelik, we implement a number of management system standards, such as those listed below. In addition, we have developed policies e.g. human resources management and good governance, which aim at improving our performance in these areas.

All Management Systems and business processes at Arçelik are managed through a company-wide Intranet, by means of centralized systems and software, such as ARDOK (Custom Made Document and Process Management System), PLM (Product Life Cycle Management) and SAP. These systems ensure high level of integration, ease of monitoring and continuous improvement of the key performance indicators (including environmental and social) across the company and the whole supply chain.

At Arçelik, following the EFQM (European Foundation for Quality Management) Excellence Model,
- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- ISO 17025 Laboratory Quality Management System
- Six Sigma (Process Improvement)
- Total Productive Maintenance (TPM)

are used to increase efficiency and to ensure the sustainability of our Management Systems.
Dialogue with Stakeholders

With this report, we aim to address our most important stakeholders in a coherent and compact manner. We have defined our most important stakeholders as:

- Consumers
- Employees
- Shareholders
- Authorized dealers, services, and retailers
- Suppliers
- Local communities in which we operate
- Sector organizations (e.g. TÜRKBESD, CECED) and NGOs
- Industrial unions
- Authorities and lawmakers

We seek engagement with our stakeholders in various mechanisms and on various topics.

We engage with consumers through surveys, meetings and one-to-one interviews to receive feedback regarding their expectations on e.g. product quality. We regularly measure consumer satisfaction levels, which is a very important indicator for our business.

To facilitate and encourage employee involvement in company management, supporting tools and models such as suggestions and surveys have been put to use. Every year we conduct employee satisfaction surveys. In addition, employee relations under collective bargaining are managed through union representatives. Arçelik involves the workers union in decision-making processes and obtains their approval regarding operational changes in work conditions, the environment, and employee rights. Other tools that we use for building a two-way dialogue with our employees are the intranet and corporate web site, internal TV, mailings, trainings, annual reports, and sustainability reports, etc.

We hold shareholder meetings every year, where the company’s operations are discussed, resolutions of the Board of Directors are shared and the views of our shareholders are exchanged.

Our network of over 3,600 authorized dealers constitutes a major stakeholder group directly connected to the Company.

We hold regular Authorized Dealers Meetings throughout the year to keep dealers up to date on policies, targets and economic developments as well as to foster a more advantageous system by listening to their concerns.

We engage with our suppliers regarding their implementation of our “code of conduct for suppliers”. We also share our strategies, policies, targets and expectations for the previous and current year with our nearly 3,500 suppliers through meetings, visits, inspections, and the online portal available to our suppliers.

We maintain strong ties with local and national governments and support the development of the communities in which we operate. While understanding diversity of interests in these communities, we build mutual trust and confidence through transparency in our face-to-face meetings where we are open for dialogue. We also provide sponsorships and conduct social responsibility activities to improve the quality of life and education, especially of youth.

We engage with other stakeholders such as sector organizations, industrial unions and authorities through our Corporate and Sectoral Relations Department.

Commitments to External Initiatives

As Arçelik, we work in close collaboration with external governmental and non-governmental organizations (NGOs) on issues and topics that are relevant for our sector. Our Corporate Relations Department leads these external relationships. Some of the roles of the Corporate Relations department include; setting up coordination within and outside the Company for the process of executing legislative changes, coordinating lobbying activities and representing the Company in the approved institutions.

Arçelik represents Turkey’s consumer durables sector in the EU’s (European Union) harmonization process. We undertake a consultancy position in the transposition of the EU Acquis and play an active role in harmonizing the related European Community legislation with the Turkish legislation. The Coordinator of Corporate Relations Department holds the presidency of the Board of Directors of TÜRKBESD (Turkish White Goods Manufacturers’ Association) and the presidency of Durable Goods Assembly in TOBB (the Union of Chambers and Commodity Exchanges of Turkey) along with the presidency of Istanbul Electrical-Electronics and Machinery Products Exporters’ Association.
Our Approach to Sustainability

Public policy

Arçelik supports the development of national economy and the prevention of unrecorded economic activity. Moreover, the Company is a significant contributor to public policy processes via TOBB (The Union of Chambers and Commodity Exchanges of Turkey) and Exporters’ Association, in the preparation of industrial policies, increase of efficiency in production and employment.

Environmental issues

In the scope of energy efficiency, waste management, chemicals management and other related environmental issues, we work closely with the Turkish Ministry of Energy and the Ministry of Environment and Forestry and execute several projects. We transfer our industrial know-how and expertise to support governmental decisions and, contribute to the preparation of various legislations in joint action. In markets other than European Union and Turkey, we support the transposition of the provisions of the EC Directives, such as the WEEE Directive, into national laws.

Energy efficiency labeling

In terms of energy-efficiency labeling of products, we perform many activities in cooperation with various organisations. For example, we are currently carrying out a public awareness project with UNDP (United Nations Development Program) on energy-efficiency and supporting through TURKBESD, the initiatives for the conformity of companies with energy-labeling procedures.

Since 2002, Arçelik A.Ş. has been a direct member of CECED (the European Committee of Domestic Equipment Manufacturers), which represents the household appliance industry in Europe. Arçelik, as a CECED member, automatically signed the voluntary agreements on energy-efficiency along with other European manufacturers. Through this membership, we set ourselves voluntary targets and put our signature on commitments regarding energy efficiency, which go beyond just meeting the requirements. Arçelik is also a signatory of the CECD Energy Label Verification Procedure, since we deem it very important that consumers have confidence in the information given by energy-labels. Our participation in this procedure assures that we follow strictly the requirements and standards of energy-labeling.

Consumer rights

As being the most recognized brand in Turkey, Arçelik has a well-established reputation among consumers. To protect this reputation, we pay great attention to customer satisfaction. We support the preparation of the new Consumer Rights Directive of European Union and the harmonized standards in local markets.

Sustainability in the supply chain

Arçelik was one of the first signatories of the voluntary Code of Conduct issued by CECED in 2005. The Code of Conduct ensures that signatory companies meet the requirements of international conventions on working conditions and the requirements of environmental laws and standards. Companies that sign the Code of Conduct encourage their suppliers to comply with these principles, as well.

Another voluntary initiative, where Arçelik and its subsidiaries such as Beko UK are members, is the BSCI (Business Social Compliance Initiative). By taking part in this initiative, we accept that all our production sites will be audited by independent audit companies for the application of Legal Compliance, Prohibition of Discrimination, Compensation, Working Hours, Workplace Health and Safety, Environment and Safety Issues, Management Systems and other related social compliance principles.

Anti-competitive behavior

For us it is of utmost importance to comply with the competition rules and regulations. Our principle is to protect the competition rather than protecting ourselves from the competition. In this regard we have always responded to the inquiries of the competition authorities and provided them with necessary feedback. Consequently, having obtained the necessary permissions, Arçelik operates in accordance with the relevant exemptions. Moreover, in cases of mergers and acquisitions, we provided the necessary notifications to the Turkish Competition Authority on time and received the necessary approvals. We also raise awareness and train our employers regularly on competition rules. Thanks to this importance given, all national and international activities of Arçelik are always in full compliance with competition rules as approved by the Turkish Competition Authority.
Sustainable Growth

We work hard to meet our responsibilities, deliver sustainable growth and shareholder value.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>In addition to our production plants in Turkey, Romania and Russia, our first manufacturing plant in China started producing washing machines.</td>
</tr>
<tr>
<td>2008</td>
<td>The first Tumble Dryer Plant in Turkey started production.</td>
</tr>
<tr>
<td>2008</td>
<td>Acquisition of Grundig Multimedia B.V. and Grundig brand was initiated to further strengthen the position in the consumer electronics sector.</td>
</tr>
<tr>
<td>2008</td>
<td>Business partnership with Sony to manufacture Sony LCD TVs.</td>
</tr>
<tr>
<td>2008</td>
<td>Beko LLC chosen as the “Company of the Year” in Russia by RBC (RosBusinessConsulting).</td>
</tr>
<tr>
<td>2009</td>
<td>The merger of Grundig Elektronik A.S. completed.</td>
</tr>
</tbody>
</table>
Financial Performance

Arçelik maintained its leadership in the durable goods sector in Turkey and continued its rapid growth internationally both in 2008 and 2009.

Our successful performance is reflected in our financial results.

- Consolidated net sales in 2009 totaled to TRY 6.6 billion, where TRY 3.4 billion of it was from the net international sales.
- International sales made up 52% of consolidated sales in 2009. Branded sales comprised 80% of all international sales in 2009, rising from 75% a year before.
- In 2009 consolidated sales increased 15% in Western Europe and 21% in Africa and the Middle Eastern regions compared to 2008.
- Operating profit climbed to TRY 749 million in 2009, displaying a 70% increase over the previous year’s value.
- Cash flow from operating activities rose four-fold to over TRY 1.79 billion fromTRY 0.45 billion.
- Net financial debt as of the end of 2009 fell to TRY 1.21 billion with a 61% decline compared to the previous year.
- At the end of 2009, the market capitalization reached TRY 3,953 million with a 380% increase compared to the end of 2008.
- Financial structure strengthened through the sales of a portion of the shares of Koç Finansal Hizmetler A.Ş. to Koç Group companies.
Financial Figures

As Arçelik, we have a direct economic impact on our stakeholders. The economic value we generate is distributed to our suppliers, employees, providers of funds, governments and communities. The table below provides the details of this distribution.

Decrease in total average number of employees in 2009, compared to 2008, resulted in reduced personnel expenses.

Economic Value Generated

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Value Generated</td>
<td>7,639</td>
<td>7,170</td>
</tr>
<tr>
<td>Revenues</td>
<td>7,639</td>
<td>7,170</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
<td>7,855</td>
<td>6,353</td>
</tr>
<tr>
<td>Operating Cost Total</td>
<td>5,893</td>
<td>5,379</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>625</td>
<td>577</td>
</tr>
<tr>
<td>Payments to Providers of Funds</td>
<td>1,266</td>
<td>333</td>
</tr>
<tr>
<td>Payments to Governments as Income Tax</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>Community Investments</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Economic Value Retained</td>
<td>(216)</td>
<td>817</td>
</tr>
</tbody>
</table>

Net sales

Net sales - Turkey

Net Sales - International

In 2009 the net sales fell slightly, especially in the consumer electronics sector, compared to 2008, which can be attributed to the global economic crisis. The net sales percentage of “white goods” increased to 66.7% in 2009.

Share of net sales by product group

* White Goods: 5 main products + air conditioner
** Other: Multipurpose motor, Turkish coffee machine, small appliances, furniture, kitchen and after sales services.
Shareholder structure

As of 31 December 2009, Koç Group companies held 57.2% of the shares, while 23.3% of the shares were traded at the Istanbul Stock Exchange.

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Paid-in Capital (TRY thousand)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koç Group Total</td>
<td>386,525</td>
<td>57.2</td>
</tr>
<tr>
<td>Koç Holding A.Ş.</td>
<td>273,742</td>
<td>40.5</td>
</tr>
<tr>
<td>Koç Group Other</td>
<td>112,783</td>
<td>16.7</td>
</tr>
<tr>
<td>Teknosan Büro Makina ve Levazım Tic. ve San. A.Ş.</td>
<td>81,428</td>
<td>12.0</td>
</tr>
<tr>
<td>Burla Ticaret ve Yatırım A.Ş.</td>
<td>50,572</td>
<td>7.5</td>
</tr>
<tr>
<td>Free Float</td>
<td>157,203</td>
<td>23.3</td>
</tr>
<tr>
<td>Total</td>
<td>675,728</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Awards and Achievements

For Arçelik there is no end to the continuous strive for excellence. There is always continuous improvement. Our commitment to excellence via our Total Quality philosophy has increased our sense of responsibility to the community in general and to our customers in particular. Evidence of Arçelik’s passion for excellence is seen in the numerous awards it has garnered over the years.

2009

- Plus X Award in the “Ecology” category for the Beko WNF 8428 A Washing Machine
- Plus X Awards in the “Ecology” category for the Blomberg MDND 1880 Mirror Refrigerator and the WNF 8428 A Washing Machine
- The Blomberg Washing Machine was recognized with the Most Efficient Product Award in the US “Energy Star” program
- The New Black Orbital was the winner in the Excellence in Design competition organized by Appliance Design magazine in the USA
- Blomberg Washing Machine was selected “Best Buy” from Stiftung Warentest magazine in Germany for outstanding environmental features
- Grundig Vision 9 LCD TV won the Red Dot Design Award 2009 and the Plus X Award 2009 for its new design
- Arçelik was “The First Brand to Come to Mind,” “The Brand with the Highest Consumer Affinity” and “The First Brand to be Remembered” according to the 2008 Nielsen survey
- Beko LLC Russia took the top prize with the Company of the Year Award in the 8th Elite of the National Economy Awards in the “Corporate Social Responsibility” category
- Beko LLC Russia was awarded the “Most Successful Exporter in the Vladimir Region”

2008

- The Most Efficient Product Award for Arçelik 5088 No Frost A+++, the New Black Orbital Refrigerator by the Ministry of Energy and Natural Resources
- Plus X Awards - first prize in the Ecology category for Elektrobregenz Solo - Combi KFS 1443 C Refrigerator
- Plus X Awards - first prize in the Ecology category for Blomberg 7462 S Washing Machine
- Beko WMD 66100 and WMD 77105 model washing machines were awarded the 6A certificate by the China Electrical Appliances Research Institute
- Arçelik A.Ş., the patent champion of Turkey was ranked in the 101st place in the World Intellectual Property Organization’s list of the top 500 companies for patent applications as the only Turkish company in the list
- Arçelik Call Center won two awards in the Best Call Center and Best Call Center Environment categories in the 2008 Istanbul Call Center Awards
- Beko LLC was awarded for being the “most rapidly developing and most dynamic company” by RosBusinessConsulting in Russia
- TPM Continuous Excellence Award - Electric Motors Plant

2007

- Compressor Plant - the most successful organization by Electrical Research Administration (EIEI)

2006

- “Ecologist” Dishwasher, European Union Environmental Awards, Second-Prize in Product Category.
- Blomberg Refrigerator, European Union Environmental Awards, First-Prize in Product Category.
- Refrigerator Plant - TPM Continuous Excellence Award
- Arctic Cooling Appliances Plant - TPM Excellence Award

2005

- Blomberg Heat Pump Dryer - Eco Top Ten Energy Award-Germany
- Dishwasher Plant - TPM Excellence Award
- Electric Motors Plant - TPM Excellence Award

2004

- Blomberg The Most Energy Efficient Refrigerator - Energy+ Award European Energy Commission
- Arçelik became the first and only Turkish company to be invited to the 10th UN Global Climate Change Conference
- Refrigerator Plant - TPM Excellence Award
- Washing Machine Plant - TPM Continuous Excellence Award
- Component Plant - TPM Excellence Award
2003
- Switch to energy-labeling according to EU Standards

2002
- Washing Machine and Refrigerator Plants - Best Cogeneration Plant Award by Turkish Cogeneration Association
- Washing Machine Plant - TPM Excellence Award

2001
- Production of refrigerators with VCC compressors and A+ energy labels

2000
- The EFQM Quality Prize
- Refrigerator Plant - Energy Saving in Industry Award by the Ministry of Energy

1999
- Golden Package Award - Dishwasher Plant
- Second National Technology Award

1998
- TÜSİAD - TÜBİTAK and TTGV First National Technology Award
- Refrigerator Plant - Energy Saving Project Award by Electrical Research Administration
- Cooking Appliances Plant - Environment Award by Bolu Chamber of Industry and Commerce
- Cooking Appliances Plant - Istanbul Chamber of Industry, Environmental Success Award
- Compressor Plant - Grand Environment Award by Istanbul Chamber of Industry
- Refrigerator Plant - Environment Award by Istanbul Chamber of Industry
- Compressor Plant - Environmentally Friendly Industry Award by American Society for Quality (ASQ)

1997
- TÜSİAD - KalDer National Quality Award
- Electronics Plant - National Quality Award
- Electronics Plant - Quality Award in EFQM SMB category
- Washing Machine Plant - Grand Environment Award by Istanbul Chamber of Industry

1996
- Establishment of Cogeneration Facilities at Washing Machine Plant and Refrigerator Plants
- Washing Machine - Plant Environmental Incentive Award by Istanbul Chamber of Industry

1995
- Non-CFC Refrigerator Production
- Dishwasher Plant - Environment Badge and Plaque by Ankara Chamber of Industry
Our Approach

We adopted four principles that ensure the trust of our shareholders and stakeholders; accountability, responsibility, transparency and equality.

In meeting our responsibilities, we are guided by our corporate values, corporate culture, ethical principles, code of business conduct and good governance principles. Accountability, responsibility, transparency and equality are the four principles comprising our corporate governance. In parallel with international business standards, these principles safeguard the trust between stakeholders and institutions and undoubtedly amplify the company’s productivity and success.

We realize that “right” corporate governance is essential in keeping the promises made to our stakeholders, especially to investors in order to maintain trust and stability. Meetings with corporate investors are a clear demonstration of Arçelik’s successful implementation of corporate governance principles. We not only capitalize on our financial results and sound financial structures to achieve profitability targets, but also manage our “corporate reputation” that is an important asset cultivated over many years.

Way to Sustainability

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Capital Markets Board’s (CMB) Corporate Governance Principles (CGP) were disclosed and we adopted these principles as a benchmark to evaluate our performance.</td>
</tr>
<tr>
<td>2004</td>
<td>We started publishing our CGP Compliance Report both in the Annual Report and on our website.</td>
</tr>
<tr>
<td>2006</td>
<td>We updated and published our CGP Compliance Report for 2005 in line with the CMB’s revised CGP.</td>
</tr>
<tr>
<td>2008</td>
<td>We published our first Sustainability Report covering a summary of our compliance with the CGP.</td>
</tr>
<tr>
<td>2009</td>
<td>We published our “Disclosure Policy.”</td>
</tr>
<tr>
<td>2009</td>
<td>We received first corporate governance rating as 8.21 out of 10 from the rating company SAHA Derecelendirme Hizmetleri A.S. which is authorized by CMB.</td>
</tr>
</tbody>
</table>
Corporate Governance at Arçelik A.Ş.

Compliance with CMB Corporate Governance Principles

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 web sites, starting from the year 2004. We have adopted these Corporate Governance Principles (Principles) and have been disclosing compliance information in the form of a “Corporate Governance Principles Compliance Report” both in our Annual Report and on our web site since 2004.

The CMB’s Principles are divided into four main categories - shareholders, public disclosure and transparency, stakeholders and the board of directors. An authorized company rated Arçelik A.Ş. according to these Principles, where we received a score of 8.21 out of 10, as a result of which Arçelik A.Ş. was added to the ISE Corporate Governance Index on 31 July 2009.

We believe in the importance of full compliance to these Principles. However, we have not yet achieved full compliance due to challenges in implementing some of the principles together with ongoing discussions in Turkey and in international platforms on compliance with certain principles and the failure of current markets and corporate structures to meet these principles in a proper manner. Nevertheless, we are implementing an action plan to improve our compliance to these Principles.

Investor and shareholder relations

We manage our relations with our shareholders and investors through our Investor Relations Department, which reports to the Assistant General Manager of Finance and Accounting. The primary objective of this Department is to ensure that shareholders fairly and reliably exercise their rights.

Public disclosure and transparency

As a leading global player in the consumer durables industry both in Turkey and internationally, we adopted a disclosure policy to inform the shareholders and stakeholders of all company activities in a fair, transparent, complete and comprehensible manner. Our disclosure policy aims to equally share past performances, expectations, strategies and non-confidential company targets and the company’s vision with all current and potential investors and shareholders and to announce all financial information related to the company in a timely and detailed manner, according to generally accepted accounting principles and the provisions of Turkey’s Capital Markets Law.

Stakeholders

Third parties directly involved with Arçelik A.Ş. make up of our stakeholders as well our employees. We engage with our stakeholders on matters of interest through meetings or via communications channels. Our corporate governance structure allows all stakeholders, including employees to participate company management by consultations, suggestions and surveys. We discuss our approach to stakeholder engagement throughout this report and provided a summary under the sub-chapter entitled “Dialogue with Stakeholders”.

The structure and composition of the Board of Directors

The governance structure of Arçelik A.Ş.is a one-tier system where there is only Board of Directors (there is no supervisory board at Arçelik A.Ş.). The Board of Directors, elected among the shareholders by resolution of the General Shareholders Meeting, manages our Company. Meanwhile, the General Manager is also a member of the Board of Directors.

Our Board of Directors was composed of nine members in 2008 and ten members in 2009. The Chairman of the Board is not an executive officer and the Board does not have an independent member.

Members of the Board

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Number (in 2008)</th>
<th>Number (in 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members with executive functions</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Non-executive directors (excluding independent directors)</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Independent non-executive directors on the board</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total board members</strong></td>
<td><strong>9</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

The information of the above table is explained in detail in our Annual Report 2009 (page 69). The definitions regarding “independent” and “non-executive” in the CMB Corporate Governance Principles are used to prepare above table.

Audit Committee

In 2009 Arçelik had one Committee at the Board level, namely the Audit Committee. The task of the Committee is to ensure that the Board of Directors fulfills its duties and responsibilities in a reliable manner. The Audit Committee is composed of two non-executive members.

*The “Corporate Governance Principles Compliance Report” is covered here as a summary. For the full report please see our 2008 and 2009 Annual Reports.*
Our Approach

We take our environmental responsibilities seriously. We follow the “life cycle” approach to reduce the environmental impact of our operations as well as our products. Producing energy and water efficient products, elimination and reduction of hazardous substances and achieving improved resource efficiency are our main priorities.

At Arçelik we recognize the significance of global environmental challenges that face us. Our approach to these is “being a part of the solution”. We strive for conserving our limited natural resources such as clean water, and responding to global issues such as climate change and depletion of non-renewable energy resources. As a consumer durables producer, we have a crucial role to play in being a part of the solution to climate change. To deliver on our part, we engage in various internal and external initiatives.

We focus our efforts on producing products that consume less water and energy during their use by consumers. We take actions to increase consumer awareness on efficient use of natural resources. Reducing environmental impact of our production and transport processes is another priority area for us. In other words, resource efficiency lies at the core of our business model and it is also integrated into our company vision.

Way to Sustainability

- 2004 Packaging waste compliance in Turkey before the regulations were introduced
- 2005 One of the signatories of the Code of Conduct issued by CECED
- 2006 First agreement with Turkish Ministry of Energy and UNDP for cooperation on “Market Transformation of Energy Efficient Appliances campaign in Turkey
- 2007 Starting of Lean Six Sigma implementations
- 2008 Full RoHS (Restriction of the Use of Certain Hazardous Substances) compliance in Turkey before the regulations entered into force
- 2008 Full Eco - Design, Standby and Power Requirements for household appliances compliance
- 2009 Eco- Design Regulation for Televisions is adopted
Environmental Policy

Arçelik and its employees comply with all applicable national and international environmental laws and regulations; manufacture environmentally friendly products in line with an environmental management system based on continuous improvement.

We perform our activities to:
- leave a clean and healthy environment to the new generations,
- use energy and natural resources efficiently,
- minimize the adverse environmental impact of production beginning from the design stage,
- prevent pollution at the source,
- raise the environmental awareness of our employees and the society utilizing the Quality, Health and Safety Management Systems and striving to set a model in consumer durables sector with regard to environmental efforts.

Environmental Management

We believe that sustainable economic development is only possible through the sustainable use of natural resources. We are committed to preserving global natural resources at every stage of our production activities. We realize this commitment by implementing ISO 14001 Environmental Management System (EMS), which is integrated with ISO 9001 Quality Management System (QMS). Through our environmental management system, we control and reduce the environmental impacts of both our operations as well as our products. At the core of our current production model lies the product life cycle management approach.

Building capacity for better environmental performance through management systems is not new at Arçelik. We acquired BS 7750 Environmental Management System Standard for our Dishwasher Plant in 1994, just two years after it was launched as the first environmental management system standard in the world. Again, when the ISO version of BS 7750 Standard was issued as ISO 14001 in 1996, we adapted our existing systems accordingly and certified them according to ISO 14001. Our 10 production plants (out of 11) have ISO 14001 certification issued by an independent international body. ISO 14001 certification activities of our Product Plant in Russia are under progress. To ensure effective EMS implementation we also perform internal audits.

Environmental Training

Not only our employees, but also our suppliers and subcontractors play an active role in achieving better environmental performance and reaching our targets. We provide regular trainings to our employees, suppliers, subcontractors to raise their awareness and to build up their capacities. In total, we organized 133,696 man-hours of trainings on environmental issues during the last two years.
Compliance with Laws and Regulations

At Arçelik we comply with environmental laws and regulations relevant to both our production processes as well as our products along their entire life cycle from design to recycling. We continually check our compliance with EC’s (European Commission) Directives as well as national laws and regulations where we operate. For monitoring our compliance, we make use of, among others, the ISO 14001 EMS.

We also keep a close watch on relevant legislative developments both in Turkey and internationally. Being a member of the European Committee of Domestic Equipment Manufacturers (CECED) and other EU wide industrial bodies, help us monitor these developments.

There are four important recent EC Directives on environmental issues that are directly related to our sector. We described below in detail our approach to complying with these Directives. Our commitment to environmental sustainability leads us to take active part in the harmonization of these EC Directives with the Turkish legislation. We work closely with the Ministry of Industry, Ministry of Environment and Forestry and other related governmental institutions in their contributions to adapting these EC Directives.

• EuP - Eco Design Requirements for Energy-Using Products

The European Commission’s Energy-Using Products (EuP) Directive aims to improve the environmental performance of products throughout their life cycle by systematic integration of environmental aspects at the earliest stage of their design. The Directive defines the “Global Warming Potential” of each product category, according to their life cycle analysis. The specific aims of the EuP Directive are to ensure the free movement of energy-using products within the EU; improve the overall environmental performance of these products and thereby protect the environment; and contribute to the security of energy supply and enhance the competitiveness of European economy. Arçelik produces products that comply with this European Directive.

• WEEE - Waste Electrical and Electronic Equipment

In February 2003, the European Union published the WEEE Directive (2002/96/EC), which requires manufacturers of electrical and electronic products to organize the disposal, recycling, recovery and reuse of goods put on the market. Together with other actors in the product chain, as a producer of consumer durables, we have an important role to play in managing the waste issue.

To comply with the WEEE Directive in the European Union member states, Arçelik fulfills its legal obligations through its membership in collection and recycling schemes. Arçelik is a member of several collective schemes, which provide services for the collection and disposal of products at the end of their life cycle. In markets other than European Union we support the harmonization of the WEEE Directive and we currently collect and treat the waste appliances even when there is no WEEE legislation.

• RoHS - Restriction of the Use of Certain Hazardous Substances

Electrical and electronic household appliances contain chemical substances. Users usually come into skin contact with these appliances. This is the reason why chemicals on the surface of these appliances should not be hazardous to human health. Additionally, other chemicals inside the appliances, which the consumers have no chance to touch, should also be harmless for environmentally-sound recovery and disposal purposes. The EC’s RoHS Directive (2002/95/EC), which entered into force in 2006 in member states, contributed effectively to reducing these hazardous substances. Arçelik fully complied with the RoHS Directive before it entered into force; by building a compliance management system, which is based on factory and third-party verification tests, supplier communication tools and declarations.

However, the 6 restricted substances of RoHS are not the only hazardous substances that can be present in appliances. Research reports show that there might be other chemical substances that are potentially hazardous and that should be reduced or replaced with alternatives. We welcome new legislative proposals to define clear criteria and procedures for the restriction of new substances in electrical and electronic equipment. Arçelik conducts experiments and studies to replace potentially hazardous substances, which are not restricted yet, with the environmentally-friendly alternatives. We also work in close cooperation with our suppliers and inform them of the developments and requirements regarding the use of (potentially) hazardous substances.
• **REACH - Registration, Evaluation and Authorization of Chemicals**

Working jointly with our suppliers, we take the necessary actions to comply with the EU’s chemicals strategy, REACH (Registration, Evaluation and Authorization of Chemicals), which entered into force on 1 June 2007. The REACH Regulation (2006/1907/EC) has a definite impact on all manufacturers, importers, downstream users, distributors and all other business stakeholders. This large-scale impact requires a strict collaboration of all parties in our supply and distribution chain. We support the objectives of REACH, including protecting human health and the environment. We started a compliance management program just after the Regulation was published. To fulfill our obligations we set up a communication system with our supply base; all suppliers are informed about the REACH requirements and Arçelik’s obligations and they are obliged to comply with REACH. This system will ensure that all products and their parts supplied by Arçelik will fully comply with REACH, and all REACH-related information needed by our customers will be provided. We are currently executing new projects to improve our compliance management regarding the REACH Directive.

<table>
<thead>
<tr>
<th>Year</th>
<th>CFC12 ended</th>
<th>R134a started to use</th>
<th>R600a started to use</th>
<th>R134a and R600a continued to be used</th>
<th>R134a and R600a continued to be used</th>
</tr>
</thead>
</table>

In Turkey, Arçelik was the first household appliances manufacturer to produce refrigerators without ozone-depleting CFC gases in 1995, much earlier than 2006, which was the deadline set for Turkey under the Montreal Protocol. The timeline of switching to substances that do not have ozone-depleting properties is illustrated above.
Key Environmental Figures of our Plants

Efficient Resource Use at our Plants

At every stage of our production process we aim to continuously reduce our environmental impact. Our production processes are designed for high efficiency, which consume low energy and other resources.

At our production plants we monitor and manage a number of environmental aspects. In this report, we provide data for water use, waste water discharge, and direct and indirect energy use. The data provided here cover all our production plants in Turkey (unless otherwise stated) and are for the years 2008 and 2009.

Water Use

The overall amount of water withdrawal at our production plants slightly increased to 1,301,498 m$^3$ in 2009, which is 1.13% higher than the 2008 figure. We observe some increases at 3 of our plants (Electronic Plant, Electric Motors Plant and Washing Machine Plant) due to increases in headcount, production and additional facilities.

At all but one of our production plants we supply our water from municipal water supply systems. At our Cooking Appliances Plant, we supply all our water from a well. At our Washing Machine Plant we also use a well for water supply.

Water withdrawal by source* (m$^3$/year)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compressor</td>
<td>0</td>
<td>0</td>
<td>95.628</td>
<td>90.512</td>
</tr>
<tr>
<td>Cooking Appliances</td>
<td>239.445</td>
<td>206.010</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>0</td>
<td>0</td>
<td>111.363</td>
<td>98.558</td>
</tr>
<tr>
<td>Electric Motors</td>
<td>0</td>
<td>0</td>
<td>53.808</td>
<td>59.388</td>
</tr>
<tr>
<td>Electronic</td>
<td>0</td>
<td>0</td>
<td>58.208</td>
<td>69.222</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>0</td>
<td>0</td>
<td>440.076</td>
<td>418.424</td>
</tr>
<tr>
<td>Tumble Dryer</td>
<td>0</td>
<td>0</td>
<td>34.157</td>
<td>14.402</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>135.421</td>
<td>168.177</td>
<td>118.665</td>
<td>176.805</td>
</tr>
<tr>
<td><strong>Total (m$^3$/year)</strong></td>
<td><strong>374.866</strong></td>
<td><strong>911.905</strong></td>
<td><strong>374.187</strong></td>
<td><strong>927.311</strong></td>
</tr>
</tbody>
</table>

Total water withdrawal - 2008 : 1,286,771 m$^3$
Total water withdrawal - 2009 : 1,301,498 m$^3$

* The data are based on all 8 production plants in Turkey.
Water discharge

In 2009, the amount of water discharge increased at some of our plants (Electronic, Dishwasher, Refrigerator, Compressor and Washing Machine Plants) due to increases in headcount, production and additional facilities. In 2009 our total water discharge increased to 857,147 m³, which is 7.1% higher than the 2008 value.

Total water discharge by destination* (m³/year)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooking Appliances</td>
<td>0</td>
<td>0</td>
<td>205,920</td>
<td>135,002</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>58,120</td>
<td>59,420</td>
</tr>
<tr>
<td>Electric Motors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>44,577</td>
<td>43,407</td>
</tr>
<tr>
<td>Electronic</td>
<td>69,734</td>
<td>83,202</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refrigerator and Compressor</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>249,620</td>
<td>284,369</td>
</tr>
<tr>
<td>Tumble Dryer</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9,086</td>
<td>6,528</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>163,421</td>
<td>245,219</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Total Water Discharge - 2008 : 800,478 m³
Total Water Discharge - 2009 : 857,147 m³
* Data include domestic and industrial water discharge and are based on all 8 production plants in Turkey.

While the amount of discharged water increased at some of our plants from 2008 to 2009, the value of water discharge per products stayed the same, except for washing machine and refrigerator.

COD values of discharged water (mg/lt)

<table>
<thead>
<tr>
<th>Plants</th>
<th>2008 Results</th>
<th>Legal Limit **</th>
<th>2009 Results</th>
<th>Legal Limit **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooking Appliances</td>
<td>30,00</td>
<td>100,00</td>
<td>30,00</td>
<td>100,00</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>81,30</td>
<td>1,000,00</td>
<td>94,80</td>
<td>1,000,00</td>
</tr>
<tr>
<td>Electronic</td>
<td>89,00</td>
<td>600,00</td>
<td>198,00</td>
<td>600,00</td>
</tr>
<tr>
<td>Refrigerator and Compressor</td>
<td>&lt;10</td>
<td>100,00</td>
<td>17,00</td>
<td>100,00</td>
</tr>
<tr>
<td>Tumble Dryer</td>
<td>130,00</td>
<td>1,000,00</td>
<td>130,00</td>
<td>1,000,00</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>142,70</td>
<td>250,00</td>
<td>114,00</td>
<td>250,00</td>
</tr>
</tbody>
</table>

* The amount of industrial waste water sourced by Electric Motors Plant is very low. Therefore, the industrial waste water is treated in the licensed disposal plants in accordance with the standards and legal regulations. The domestic waste water is treated in the waste water treatment plant of the Industrial Zone.

** According to Turkish regulations, discharge limit values for treated waste water vary based on waste water type and receiving media.

Quality of discharged water

At our plants, we measure and monitor a number of values in the water that we discharge, one of which is the COD (Chemical Oxygen Demand) value. The COD values of our plants’ treated industrial waste water are about 40% - 90% lower than legal limit values in Turkey.
Energy consumption

At our plants we use both direct and indirect energy to manufacture products. Direct energy in this context refers to energy sources we combust at our plants to produce electricity or steam. These primary energy sources are diesel-oil, fuel-oil, LNG, LPG and Natural Gas. Indirect energy refers to electricity, that we purchase from a supplier.

In 2009, direct energy consumption at our plants decreased to 1,080,419 GJ; which is about 12% less than the 2008 value. This reduction is achieved as a result of the energy efficiency projects implemented at our plants.

### Direct energy consumption by primary energy source* (GJ/year)

<table>
<thead>
<tr>
<th>Plants</th>
<th>Diesel-Oil (GJ/year)</th>
<th>Fuel-Oil (No:4) (GJ/year)</th>
<th>LNG (GJ/year)</th>
<th>LPG (GJ/year)</th>
<th>Natural Gas (GJ/year)</th>
<th>Total (GJ/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compressor</td>
<td>88 165</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>962 935</td>
<td>54.496 58.471</td>
</tr>
<tr>
<td>Cooking Appliances</td>
<td>514 804</td>
<td>39.952 7.114</td>
<td>180.201 12.355</td>
<td>41.019 3.754</td>
<td>0 162.656</td>
<td>261.686 186.683</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>4.803 4.132</td>
<td>66.480 50.988</td>
<td>71.283 55.120</td>
</tr>
<tr>
<td>Electric Motors</td>
<td>354 754</td>
<td>0 0</td>
<td>0 0</td>
<td>0 2.074</td>
<td>34.311 27.993</td>
<td>34.665 30.821</td>
</tr>
<tr>
<td>Electronic</td>
<td>1.097 550</td>
<td>0 0</td>
<td>0 0</td>
<td>1.279 1.281</td>
<td>91.309 64.440</td>
<td>93.685 66.271</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>1.201 2.020</td>
<td>24.759 20.700</td>
<td>0 0</td>
<td>4.096 3.843</td>
<td>309.206 301.978</td>
<td>339.262 328.541</td>
</tr>
<tr>
<td>Tumble Dryer</td>
<td>160 71</td>
<td>0 0</td>
<td>0 0</td>
<td>0 782</td>
<td>18.941 9.967</td>
<td>19.101 10.820</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>964 1.327</td>
<td>28.537 32.155</td>
<td>0 0</td>
<td>19.234 17.535</td>
<td>285.529 291.575</td>
<td>334.264 342.592</td>
</tr>
<tr>
<td><strong>Total (GJ/year)</strong></td>
<td><strong>4,378 5,691</strong></td>
<td><strong>93.248 59.969</strong></td>
<td><strong>180.201 12.355</strong></td>
<td><strong>71.393 34.336</strong></td>
<td><strong>860.272 968.068</strong></td>
<td><strong>1,209.492 1,080.419</strong></td>
</tr>
</tbody>
</table>

Total Energy Consumption – 2008 : 1,209.492 GJ
Total Energy Consumption – 2009 : 1,080.419 GJ
* Data based on all 8 production plants in Turkey.

In 2009, indirect energy consumption decreased to 524,158 GJ; which is about 10% less than the 2008 value. This reduction is achieved as a result of the energy efficiency projects implemented at our plants.

### Indirect energy consumption by primary energy source* (GJ/year)

<table>
<thead>
<tr>
<th>Plants</th>
<th>Electricity (GJ/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compressor</td>
<td>46.347 51.286</td>
</tr>
<tr>
<td>Cooking Appliances</td>
<td>87.410 69.786</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>45.854 44.566</td>
</tr>
<tr>
<td>Electric Motors</td>
<td>53.213 45.304</td>
</tr>
<tr>
<td>Electronic</td>
<td>124.224 97.323</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>116.663 121.784</td>
</tr>
<tr>
<td>Tumble Dryer</td>
<td>22.251 16.021</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>85.629 78.088</td>
</tr>
<tr>
<td><strong>Total (GJ/year)</strong></td>
<td><strong>581.591 524.158</strong></td>
</tr>
</tbody>
</table>

* Data based on all 8 production plants in Turkey.
In 2009, we achieved significant reductions in our total energy use at our plants. In 2009 our total direct and indirect energy consumption was about 1.60 million GJ, compared to 1.78 million GJ in 2008.

Total energy consumption at our plants* (GJ/year)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compressor</td>
<td>55.546</td>
<td>59.571</td>
<td>46.347</td>
<td>51.286</td>
<td>101.893</td>
<td>110.857</td>
</tr>
<tr>
<td>Cooking Appliances</td>
<td>261.686</td>
<td>186.683</td>
<td>87.410</td>
<td>69.786</td>
<td>349.096</td>
<td>256.469</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>71.283</td>
<td>55.120</td>
<td>45.854</td>
<td>44.566</td>
<td>117.137</td>
<td>99.686</td>
</tr>
<tr>
<td>Electric Motors</td>
<td>34.665</td>
<td>30.821</td>
<td>53.213</td>
<td>45.304</td>
<td>87.878</td>
<td>76.125</td>
</tr>
<tr>
<td>Electronic</td>
<td>93.685</td>
<td>66.271</td>
<td>124.224</td>
<td>97.323</td>
<td>217.909</td>
<td>163.594</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>339.262</td>
<td>328.541</td>
<td>116.663</td>
<td>121.784</td>
<td>455.925</td>
<td>450.325</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>334.264</td>
<td>342.592</td>
<td>85.629</td>
<td>78.088</td>
<td>419.893</td>
<td>420.680</td>
</tr>
<tr>
<td>Total (GJ/year)</td>
<td>1,209.492</td>
<td>1,080.419</td>
<td>581.591</td>
<td>524.158</td>
<td>1,791.083</td>
<td>1,604.577</td>
</tr>
</tbody>
</table>

* Data based on all 8 production plants in Turkey.

The value of total energy consumption per product decreased, except for compressor.
Sustainability and Total Quality Concept

Quality Management

In the line with our vision, we design and deliver easy-to-use, reliable consumer products and deliver after sales service by implementing state-of-the art technologies to satisfy our customers’ needs beyond their expectations.

Our Management System contains the entire work force and workflows that are organized to support our sustainable competitiveness based on customer focus, continuous improvement and innovation. The EFQM Excellence Model, standards and methodologies are used to increase our operational efficiency. We review our Management System and business processes by conducting a self-assessment methodology in accordance with the EFQM Excellence Model.

Arçelik has adopted a self-assessment method since 1993 to identify its strengths and improvement opportunities. During self-assessment process, the Company’s top management team, including the managers of all departments, organizes workshops to assess the Company and its functions according to the nine criteria of the EFQM Excellence Model. The results are used to develop department-specific improvement plans. The final step involves an overall evaluation of the results by the Quality Systems and Six Sigma Department and the preparation of a report. The report is later utilized for the strategic planning cycle of the Company.

Under the continuous improvement approach, Arçelik uses the Six Sigma Methodology to reach excellence by increasing the productivity of its business processes to stay competitive in the international markets. The main goal of Six Sigma Methodology is to achieve excellence in lean and simple products and processes. Arçelik started its first Six Sigma efforts in 1998, applying them to its production and technology processes. Today, the Quality Systems and Six Sigma Department coordinates Six Sigma activities throughout the Company in production and transactional processes. The Company organizes regular training courses for the deployment and sustainability of Six Sigma. There are nearly 150 certified belts at Arçelik.

Arçelik implements the Total Productive Maintenance (TPM) system, which is based on teamwork at all levels, between all units and functions, from senior management to the shop floor. TPM ensures the effective use of resources by eliminating all factors that have a direct or indirect negative impact on efficiency. Applied at Arçelik plants since 1996, the goal of TPM methodology is to improve efficiency, production levels, process effectiveness, and to minimize malfunctioning and error rates, customer complaints, energy, labor and maintenance costs, inventory and occupational accidents.
Innovation

Arçelik develops its own technology. R&D activities at Arçelik are shaped parallel to our strategy and growth targets and they enable our brands to rise to a prominent position in the global competition.

Our R&D program is based on designing and manufacturing easily affordable products that follow these basic precepts: respect the environment, advance consumer comfort, fulfill consumer needs both now and in the future, comply with international standards, and make a competitive difference.

Results of our R&D activities have facilitated the development of “most” energy and water efficient, silent and speedy products. In addition, advanced programs and display technologies currently used in our products provide greater comfort and visual quality to our customers, like the “one-touch” dishwasher.

Our investments in research, technology and product development date back to the late 1980s. With its more than 20 years of experience in R&D, today Arçelik has 7 distinct R&D centers equipped with strong infrastructures and a team of 800 staff members. We recognize the achievements of our R&D team and organize “Annual Invention Days” to reward their innovative inventions.

According to a report by the European Parliament, our parent company Koç Group is among the first 1,000 companies in the world investing in R&D. With the synergy of Koç Group and our determination to produce our own technology, we shall continue to invest in developing products appropriate to target markets, which are backed up with optimized designs and green approaches.

Intellectual Property

Knowing that strategic power comes through patents, Arçelik is the indisputable leader in patent applications in Turkey. The Company holds 10% of the patent applications filed by the residents of Turkey within the last five years and more than one third of the international patent applications to WIPO (World Intellectual Property Organization) and EPO (European Patent Office) that are originating from Turkey.

We have been awarded by the Turkish Patent Office the “Patent League Champion Award” for the three consecutive years and also received the “Golden Patent Award” in 2009. For the sixth consecutive year, Arçelik became the only Turkish company among the first 500 companies listed by the World Intellectual Property Organization (WIPO) in 2009. We hold more than 800 officially registered patents and 1500 pending applications.

Resource Efficient Products

Resources are the backbone of every economy. Current excessive and unsustainable use of natural resources endangers next generations. It is necessary to protect the natural resources of the world, decrease the global emissions of greenhouse gases to environment and reduce the threats to the ecosystem that are causing climate change. Natural resource usage is rising and volumes of waste are increasing with population and technology. With this sustainable understanding in mind, Arçelik is dedicated to design and develop resource-efficient products.

Life Cycle Approach

Our life cycle approach includes managing environmental impacts of all our products from design to production, production to service and disposal stages.

Development and design stages have the most important contribution to the efforts to reduce environmental impact of a product along its lifecycle. Our Central R&D Department develops technologies that reduce the environmental impact of products. The R&D Departments located at each production plants put these technologies into practice. The Industrial Design Department is then assigned with the task to design products. These three departments work cooperatively.

From the conceptual design to the recycling process, Arçelik questions the environmental impact of the product in every single step.

Development of product concept

Before the R&D studies of a product, a conceptual design is prepared and discussed in the annual meetings with consumers, politicians, retailers, suppliers, disposal contractors and national/international non-governmental organizations; then product planning and its management are organized.

Our tools are the following:
- TRIZ
- 6 Sigma
- Technology assessment for product and production techniques
- Technology road map
- Innovation and technology management
Research and development

In the R&D phase not only technical development for international standards, but also safety, quality and usage tests are done for consumers’ use of ease and comfort. Additionally the environmental impact of the product is considered during the R&D phase. Some examples:

- TPE gasket for dishwashers
- Antibacterial coating for refrigerator handles
- PolyAr called high tech, special composite material, developed in-house, for washing machines

Certification

Certification tests are done by the independent organizations and the production decision is made only after product provides required technical specifications. In this phase not only the product itself but also every single component should be certificated.

Manufacturing and production

During the manufacturing and production phase, use of energy, material and water is kept under control. Additionally in every production phase, projects are done to reduce the waste with the support of consultants.

The diagram below shows the decrease of water and energy consumption as a result of the sustainability projects carried in the last three years at the Dishwasher Plant.

Reduction in Energy and Water Consumption between 2006 and 2009 at the Dishwasher Plant

Marketing and promotion

Marketing and promotion activities are done with the support of non-governmental organizations.

Storage distribution and supply

Arçelik works all the time to reduce fuel consumption during supply and is aware of CO₂ emissions of whole transport for the supply of the products.

Use and services

Research has shown that the majority of the environmental impact of a major domestic appliance on the environment is due to consumer use phase. Arçelik continues to focus on designing and manufacturing energy efficient products.

Disposal, reuse and recycling

Arçelik design and production processes take into full account possible repair, reuse, disassembly and recycling operations, which are compatible with the EU WEEE Directive (2002/96/EC.)

As far as it is economically viable, more and more recyclable materials are used and the design of the products facilitate disassembling and recycling; unless such production and design features present risks for the product safety. In our production plants the products, which do not pass quality procedures and which are not put on the market, are disassembled and the parts, which have no quality or other problems are reused.

The other parts, which cause problems and where reuse is not possible and preferable, are sorted and sent to licensed treatment and recycling facilities for recovery. In this context Arçelik manufacturing plants have the adequate machinery and tools for sorting, demanufacturing, and partly recycling, including shredding machines, degassing equipments (for cooling agents) etc. For the packaging, the packaging volume and weight are designed to ensure the minimum waste generation and to minimize its impact on the environment. For the waste packaging materials, Arçelik works with licensed collection and recycling companies both in Turkey and in Europe.
Energy-Efficiency in Consumer Durables

As Arçelik, we produce products that consume electricity during their use. This electricity consumption together with energy consumed to manufacture and transport products results in greenhouse gas emissions, the most important being CO₂.

The highest CO₂ emission among the impacts of products on the environment is the impact during "Use". It is followed by the impact during production, during the supply of materials, transportation and disposal. 91-93% of the CO₂ emission comes from the energy use during the usage by the customer. The rest can be considered as production (6%), material supply (<0.5%), transportation (1%) and disposal (<0.5%).

We continue our efforts to improve the energy-efficiency of our products that are more efficient than the "A" class products. In 2009, most of the Arçelik products are "A" or beyond "A" class. 100% of the washing machines and dishwashers, 79% of the refrigerators, 40% of ovens produced in 2009 are in "A" or more energy efficient classes.

Each year more and more energy efficient products are designed and produced; e.g. production of washing machines which are even more efficient than "A" class, is doubled according to the previous year.

Energy Labeling

Arçelik began using energy labels indicating energy consumption of its products, in line with the EU Directives on electrical and electronic household appliances, long before these labels became mandatory in Turkey. In 2001, Arçelik became the first company to communicate "A class energy" concept to its consumers. Through various media, including "energy-class" labeling we try to direct the consumers' attention to household energy consumption and point out the potential savings to be made.

Energy classification of products is made in accordance with the standard definitions introduced by the European Commission, through the classification of the amount of energy spent for a product at the defined performance level. The energy efficiency of the product is rated in energy levels ranging from A to G on the label. "A" stands for the most energy efficient and "G" for the least energy efficient. However, most of our products have higher efficiency rate than "A" class. It is possible to say that the differences between classes are on average 20% in washers and 25% in refrigerators.
Energy Savings in Numbers

- If approximately 4 million dishwashers in Turkey were replaced with Blomberg “GIN 9585 XB”, it would result in 425 GWh savings of energy, which corresponds to the annual energy production of Ankara Saryar Dam according to DSI (General Directorate of State Hydraulic Works) data.
- If approximately 4 million dishwashers in Turkey were replaced with Arçelik “Ecologist” 6291 I model dishwasher, it would be possible to save 330 GWh of energy, which is equivalent to 80% annual energy production by Ankara Saryar Dam according to DSI data.
- If all the washing machines sold in Turkey in a year were replaced with Arçelik “8124 HS”, it would be possible to generate savings, which is equivalent to 45% annual energy production of Hırfanlı Dam.

Recyclability of Our Products

The recyclability rates of our products range between 83.9% and 98.0%, depending on the type of white good.

Arçelik washing machines have 97% recyclability rate and 100% recyclable packaging material. The detailed recyclability percentage of different raw materials are given below:

**Washing machine**

<table>
<thead>
<tr>
<th>Material</th>
<th>Weight (gr)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals</td>
<td>20,380,5</td>
<td>All Recyclable</td>
</tr>
<tr>
<td>Plastic</td>
<td>9,230,8</td>
<td>All Recyclable</td>
</tr>
<tr>
<td>Chemicals</td>
<td>39,9</td>
<td>Non Recyclable</td>
</tr>
<tr>
<td>Others</td>
<td>28,334,9</td>
<td>All Recyclable</td>
</tr>
<tr>
<td>Components</td>
<td>6,313,7</td>
<td>96% Recyclable</td>
</tr>
<tr>
<td>Rubber</td>
<td>1,759</td>
<td>Non Recyclable</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>66,058,8</strong></td>
<td><strong>97% Recyclable</strong></td>
</tr>
</tbody>
</table>

Materials used in Arçelik condenser type dryers are 98% recyclable. Arçelik refrigerators and freezers are 85-90% recyclable depending on type of the cabinets.

Regarding our ovens; when Arçelik sales in 2009 are considered, approximately 1,650 trees were saved. For ovens, 100% of packaging can be recycled and 85%-90% of a product can be recycled. Production, storage, logistics gains have been achieved by the reduction of the component quantity used and use of common components. Accordingly, the number of basic components defined for our newly designed oven platform is 52% less with 21 basic components, whereas it was 44 in our previous oven platforms. Environmentally harmful plastic wastes have been prevented by the use of 100% recyclable plastic materials in our products.
Energy Efficiency in Consumer Electronics

Energy efficient ECO TV products designed and manufactured for consumers will have a great positive effect to decrease the global emissions of green house gases and CO\textsubscript{2} emissions.

Annual electricity consumption related to televisions was estimated to be 60 TWh in 2007 in the EU Community, corresponding to 24 Mt CO\textsubscript{2} emissions. If no specific measures are taken to limit this consumption, it is predicted that electricity consumption will increase to 132 TWh in 2020.

If a TV consumes less power while both working and waiting in stand-by mode, the negative impacts to environment will also be less, consequently. While manufacturing and transporting, if less resources are used, there will be less negative impact on our environment.

A well-known project for energy efficiency is named and advertised as “zero stand-by power TV”, which was first and unique in the world, awarded as the “Innovative product” by TESID (Association of Turkish Electronics Industry) in 2008.

In producing consumer electronics goods, we adopted a proactive approach to ECO-Design products for sustainable development and ecology. We aim to raise awareness about environmentally-friendly TVs via marketing over realized measurements and getting labels like EU Eco Label or EuP energy label. We already designed and manufactured “Eco-Design LCD TV” series. Eco-friendly products are followed by our LED TV series. Arçelik Eco-design and LED TV series “direct” energy consumption is 40% less than a a standard same sized LCD TV.

Our company’s strategy in consumer electronics business segment is supported with intensive development of our R&D center. In parallel with progressive technologies in the consumer electronics industry, both research and new product development in our consumer electronics business have continued. In keeping with our vision, innovative products are being designed with new generation imaging, sound, broadcasting, and communications technologies, not only meeting but also surpassing international standards pertaining to energy, environment, and ergonomics.

Linked to new imaging technologies, LED TVs include the newest technologies to provide more energy-efficient and thinner products with greater color, contrast and sharpness controls. Introduced in the market, the LED TV is now a leading competitive product.

Water Efficiency

Beyond complying with all laws and regulations, we continuously work to produce water efficient products. We aim to become a model in Europe and the world’s best manufacturer in its sector with our sustainability approach in production.

Water efficiency of our products is another important issue for us. A good example of Arçelik’s environmental concern and how we use technology to save natural resources can be witnessed in the Arçelik “62105 H” dishwasher, which is the world’s most water-efficient model. The “62105 H”, while providing product excellence economically, contributes to environmental protection. Using Arçelik “62105 H” dishwasher rather than washing by hand would save annually 33.3 tons of water per each household.
Environmentally Friendly Products

Here are some of the exemplary products emanating from our sustainability approach.

Consuming 30% less energy than any A energy class product, the “Economist” washing machine series - a first in the world - was launched. A successor to this product was also introduced: a washing machine with 50% more energy efficiency than A energy class products. Now the world’s “fastest washing machine,” with only a 14-minute cycle, has been manufactured. In fact, the entire product range has been upgraded to A+ and A++ energy classes.

The first A++ no-frost refrigerator, the “Black Orbital” was manufactured. This refrigerator has the lowest energy consumption in its class in the world, with an amazing black design in the white goods industry. Since 2004, Arçelik is still the proud manufacturer of the most energy-efficient refrigerators worldwide.

Aligned with the “strategy to be a green and nature-friendly company,” the Eco-Panel LCD TVs with 45% energy savings and zero energy consumption in standby mode were manufactured and introduced in the market. Designing green products complying with the Energy Star label and other eco-label standards is both intuitive and sustainable. In this regard, EU standardization studies have been closely followed. In addition to less energy consumption, the transition to water-based paints has been achieved, resulting in paint materials being 30% recyclable.
One of the fastest, most water-efficient and most silent dishwasher was launched.

In the clothes dryer segment, Europe’s “one of the most energy-efficient tumble dryers” has been manufactured. Receiving the Eco Top Ten Energy award and a Plus X award for innovation, this product has been chosen as the “Best Tumble Dryer” by leading consumer magazines in both Germany and Belgium.

A project to give a new look and to deploy newer technologies to built-in ovens that reduces costs and improves product efficiency was successfully completed. Under this project, all ovens are now in the A energy class. Moreover, the most energy-efficient and most silent oven in the world has now been manufactured.
Public Awareness on Resource Efficiency

It is vital that consumers are informed about their own environmental footprint as they use a product. We support several initiatives and take actions that aim for environmental protection and inform the general public.

We try to draw the attention of public to the correct use of energy sources through our product advertisements focusing on energy-efficiency. All advertising communications are based on the theme of energy efficiency in the last 10 years. “A” and “A++” energy classification in white goods is always mentioned in communications.

Partnerships with NGOs play a crucial role in enhancing public awareness. In 2008, we collaborated with TEMA (a leading Turkish foundation for combating soil erosion and enhancing reforestation and protection of natural habitat) through a campaign. In the scope of the campaign, 60,000 dishwashers were sold and for each dishwasher, we contributed nine oak seeds to the “TEMA Oak Project”.

In 2008, we continued to support the TEMA Foundation’s campaign entitled “Don’t Waste Your Water”, which is aimed at increasing public awareness about saving water, promoting water saving practices and demonstrating the significance of individual attempts to save water. Through this campaign, consumers are offered with special discounts for 100,000 dishwashers.

Another project that we supported in 2008 was a leading television channel’s program series “NTV Green Screen Project” that aimed to draw public attention to global warming and other environmental issues.

Since 2007, we have been supporting a public private partnership project called En-Ver. En-Ver is a joint initiative of Turkey’s Ministry of Energy and Natural Resources and our parent company, Koç Holding. It aims for changing consumer behavior by raising public awareness of energy efficiency and promoting a more eco-friendly lifestyle, thereby saving energy.
One dishwasher oaks up your life

We are producing the world’s least water consuming A class dishwashers and helping TEMA’s “Don’t Waste Your Water” campaign. Together with TEMA, we are working to make our country greener.

With every dishwasher you bought, we contribute to “TEMA Meşe(Oak) Project” with 9 oak seeds on behalf of you.

Let’s do something about our forests, natural resources and together we save our country’s future.
Our Employees

Human Resources Policy

At the core of our performance lays our employees. Our most important asset is our people and our Human Resource (HR) management is guided with this understanding. We restructured our HR policy in 2006 and communicated these to all our employees globally, along with our Shared Values and Business Ethic Codes.

The basic principles of our HR policy are as follows:

› The Company's human resources systems and practices maintain the balance between the global and the local. 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 prevails.

› 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 supports the non-discrimination and equal employment opportunity philosophy of the Company. 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 at continuous improvement of HR standards, the Company systematically and periodically reviews them and revises HR processes in the light of the latest improvement and feedback provided.

› The Company attitude is to protect privacy of its employees and to ensure the confidentiality of the personal information.

Way to Sustainability

- **2005** Improved and expanded university industry cooperation
- **2006** Redefined HR policies and procedures according to Global Compact Principles Published Human Resources Policies, Shared Values and Business Ethics Codes and shared it with employees all around the world
- **2007** Started to carry out “Work Life Evaluation and Improvement” survey in our international manufacturing sites
- **2008** Reviewed university internship program according to the equality principle
- **2009** Renewed Occupational Health and Safety organization according to new legislation and Company processes
- **2009** Human Resources Department restructured to deploy human resources systems and tools within the subsidiaries
Composition of Our Employees

Workforce distribution by country

As of 31 December 2009, Arçelik had 16,931 employees worldwide, which shows a 3% decrease of from 17,472 employees at 31 December 2008. About 75% of our employees are stationed in Turkey and a majority of the rest are distributed among the three countries where we have production facilities, namely Romania, Russia and China. We have also international marketing and sales offices located in various European Countries.

The distribution of our white collar employees by country is illustrated in the graph below. As of 31 December 2009, 89% of Arçelik’s white collar employees have graduate degree, while this ratio was 86% in 2008.

White collar employee distribution by country

In 2009, about 78% of our total workforce was blue collar employees, about 79% of whom were stationed in Turkey. The distribution of the rest can be seen in the table below.

Blue collar employee distribution by country
Breakdown of our employees by type of contract and by employment category

White collar employees as stated in the below tables, besides all the personnel (Officers, Senior officers, Technicians, Engineers and Senior Engineers), also includes the CEO, Assistant General Managers, Directors, Mid-Managers (team leaders, managers, group managers) in the countries where we have production facilities.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>White Collar</td>
<td>1.812</td>
<td>0</td>
<td>1.812</td>
<td>White Collar</td>
<td>1.859</td>
</tr>
<tr>
<td></td>
<td>Blue Collar</td>
<td>9.840</td>
<td>1.026</td>
<td>10.866</td>
<td>Blue Collar</td>
<td>9.945</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>11.652</td>
<td>1.026</td>
<td>12.678</td>
<td>Total</td>
<td>11.804</td>
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<tr>
<td>Romania</td>
<td>White Collar</td>
<td>329</td>
<td>7</td>
<td>336</td>
<td>White Collar</td>
<td>311</td>
</tr>
<tr>
<td></td>
<td>Blue Collar</td>
<td>1.802</td>
<td>13</td>
<td>1.915</td>
<td>Blue Collar</td>
<td>1.932</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2.131</td>
<td>20</td>
<td>2.151</td>
<td>Total</td>
<td>2.243</td>
</tr>
<tr>
<td>Russia</td>
<td>White Collar</td>
<td>174</td>
<td>0</td>
<td>174</td>
<td>White Collar</td>
<td>154</td>
</tr>
<tr>
<td></td>
<td>Blue Collar</td>
<td>882</td>
<td>0</td>
<td>882</td>
<td>Blue Collar</td>
<td>745</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1.056</td>
<td>0</td>
<td>1.056</td>
<td>Total</td>
<td>899</td>
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<tr>
<td>China</td>
<td>White Collar</td>
<td>126</td>
<td>0</td>
<td>126</td>
<td>White Collar</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Blue Collar</td>
<td>103</td>
<td>0</td>
<td>103</td>
<td>Blue Collar</td>
<td>176</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>229</td>
<td>0</td>
<td>229</td>
<td>Total</td>
<td>296</td>
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</tbody>
</table>

Composition of employees by gender (%)

The ratio of white collar female to male employees stayed at 22% from 2008 to 2009, while there was a 1% increase in the percentage of blue collar female employees from 2008 to 2009.
Composition of our white collar employees according to age group and seniority

Top management : CEO, Assistant General Managers, Directors
Mid management : Managers, Group Managers, Team Leaders
Professionals and Staff : Officers, Senior officers, Technicians, Engineers and Senior Engineers and Staff.

We have a high seniority among our executives, managers and professionals and staff. Our executive employees have been working at our company on an average of 15 years. The table below includes both male and female employees.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th></th>
<th></th>
<th></th>
<th>2009</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top</td>
<td>Mid-</td>
<td>Profess</td>
<td>Senior</td>
<td>Top</td>
<td>Mid-</td>
<td>Profess</td>
<td>Senior</td>
</tr>
<tr>
<td>Average age</td>
<td>Management</td>
<td>Management</td>
<td>and Staff</td>
<td></td>
<td>Management</td>
<td>Management</td>
<td>and Staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>42</td>
<td>34</td>
<td></td>
<td>46</td>
<td>42</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Seniority</td>
<td>18</td>
<td>15</td>
<td>8</td>
<td></td>
<td>15</td>
<td>14</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

Employee turnover*

Employee turnover rate in blue collar workers increased to 9.4% in 2009 from 6.9% in 2008 due to the effect of global crisis on the production.

<table>
<thead>
<tr>
<th>Age</th>
<th>2008 White Collar</th>
<th>2008 Blue Collar</th>
<th>2008 Total</th>
<th>2009 White Collar</th>
<th>2009 Blue Collar</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;35</td>
<td>6.2%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>6.0%</td>
<td>7.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>35-50</td>
<td>3.6%</td>
<td>1.5%</td>
<td>1.8%</td>
<td>3.1%</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>1.0%</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total</td>
<td>10.3%</td>
<td>6.9%</td>
<td>7.4%</td>
<td>10.1%</td>
<td>9.4%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

Rate of employee turnover by gender*

We observe a higher turnover rate among our employees under the age of 35 relatively to other age groups. The turnover rate among our male employees is considerably higher than that of our female employees.

<table>
<thead>
<tr>
<th>Gender</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Male</td>
<td>8.6%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Total</td>
<td>7.4%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

*Data cover Turkey.
Human Resources Management

Arçelik while confidently taking steps to achieve its vision; aims to build a creative corporate culture strengthened by geographical and cultural diversity and deploys various approaches in human resources to promote employee development as mentioned below.

Recruitment and selection

As Arçelik our aim is to establish a mutually beneficial employment opportunity between our employees and the Company so that we can fulfill all our current and future business needs whilst encouraging each individual employee to develop to his/her potential fully. To place the right people in the right positions and to build long-term employment relationships, we use appropriate selection and recruitment methods. Our priority is to hire people whose values are aligned with our Company’s culture and values. Since we are operating at international level we place importance on some attributes such as flexibility, embracing diversity and continuous learning.

In the recruitment and selection process we provide equal opportunities for all candidates who have the appropriate training, knowledge, skills, competencies and experience required by the job. All candidates are assessed according to pre-defined recruitment procedures.

Talent management and career planning

Our career management process follows a “win-win” approach that provides benefits to the employer and employee. We create opportunities to support our employees’ professional development although they have the primary responsibility for their own career development. It is important and expected that all Arçelik employees improve their competencies, continuously. The Company and line managers have also the responsibility to identify high potential employees and support their development for the next step in their career by using defined succession and career planning procedures.

Employees who are defined as high potential have priority at new assignments and promotions. In the decision-making process of promotions, transfers and rotations, the potential development, performance and career objectives of employees are considered. To give equal opportunities to all employees, equitable appraisal methods (such as performance management system, development centre, 360 degree appraisal system) are preferred to define potential of people by appraising their competencies.

Development management

Our approach to training and development is to improve performance through continuous development principles in parallel with the company vision and business targets. Current and future improvement needs of our employees are planned according to global organizational requirements, targeting the effective and capable use of internal resources considering both corporate and personal needs. Development plans are made at start of recruitment by using various development programs on orientation, sales, marketing, leadership, management and foreign languages training etc.
Total training hours decreased in 2009 because of cost cutting measures driven by the economic slowdown. We have focused more on internal training programs.

On average per year, 36 and 15 hours of training is given in Turkey for white collar and blue collar employees respectively. In the first quarter of each year, planning meetings are done for each employee in order to specify which competencies an employee wants to improve and which training programs can be planned for him/her. In these meetings, both employee’s wishes and his/her manager’s suggestions are taken into consideration.

**Performance management**

We believe in personal success as a key to organizational success. Therefore our performance management system is based on continuous development of our employees’ performances in accordance with the Company goals. To provide alignment between the personal objectives and Company goals, we apply “top-down” with “bottom-up” contribution processes to our strategies.

We expect our employees to achieve their objectives; however how they achieve them is also important. Arçelik values, principles and our employees’ competencies are the key factors in reaching their targets. The essence of our performance management system is management by objectives and providing feedback systematically on performance and future potential as well as on any other relevant aspects concerning an employee’s work.

By using periodic and systematic performance management methods, we try to reach mutual consensus between the employee and manager during goal-setting, performance evaluation and individual development planning. The performance evaluation results are taken into consideration for training and development, rewarding and career management of our employees.

All our blue and white collar employees in Turkey receive feedback regarding their performance annually. We deploy 360 degree competency and performance evaluation system to our white collar employees.

### Work life evaluation and improvement survey

Since 1995, we carry out company wide “Arçelik Work Life Evaluation and Improvement Survey” in Turkey and the results are shared with all employees. In 2008, we started to conduct this survey at our facilities and offices in China, Romania, Russia. This research aims to reveal the general tendencies, to build on our strength and to define and prioritize the areas of improvement according to the feedback given by our employees.

![Survey scores chart]

Survey scores are out of 5.00 include both white and blue collar employees.

After analyzing results of the survey in 2008, in 2009 the new employee clubs are established and several organizations are carried, new campus intranet became on-line. As a result of this new approach, a slight increase achieved in the score of “work life evaluation and improvement” survey in 2009.

**Total training hours**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Collar</td>
<td>89.761</td>
<td>42.743</td>
</tr>
<tr>
<td>Blue Collar</td>
<td>176.046</td>
<td>137.278</td>
</tr>
<tr>
<td>Total</td>
<td>265.807</td>
<td>180.021</td>
</tr>
</tbody>
</table>

Data cover Turkey.
Remuneration and incentive system

Our remuneration management approach is to define individual salaries based on a fair and competitive company salary policy. We systematically distinguish our employees according to their performance levels and reward them for motivation. Arçelik’s salary policy based on job sizes is defined by internationally accepted and standard methods. The salary policy is set taking into account the current salaries at our company, competition forces, market dynamics and our company strategies. Local remuneration market data are provided from expert survey companies. Our remuneration and social benefits conform at the very least to national or local statutory standards, provisions or respective agreements.

Reward management system

The basic aim of rewarding system is to enhance employee motivation and creativity. Reward Management System which is applied to all employees, covers two types of rewards namely Planned Rewards and Situational Rewards:

- Planned reward categories which are defined through shared values, competencies and job requirements are given once a year for sustained achievements.
- Situational rewards on the other hand are given to recognize for unexpected achievements.

All Arçelik managers are expected to act in a constructive, supportive and proactive manner. This understanding is supported by various systems and full commitment of our senior management. Arçelik rewarded 185 of its successful engineers for designing and producing innovative new technologies and products, on the occasion of its own 10th Annual “Invention Day” in 2008 and the number our successful engineers increased to 223 in 2009.

Arçelik Business Ethic Codes

If an Arçelik employee is uncertain of any aspect of the Arçelik business ethics, the chain of authority to be consulted starts with the immediate manager, then the human resources manager and, when necessary, involves upper Arçelik Management.

If commitment to Arçelik business ethics is violated, the Company disciplinary procedure will be used, if appropriate, after a thorough investigation has taken place. Any proven offence will result in disciplinary action, which could include dismissal. All cases will be documented and stored in employee’s file.

We published “Arçelik Human Resources Policies, Shared Values and Business Ethic Codes” booklet in 10 different languages to guide our employees and raise the awareness in every country and field in which we operate.

Internal communication

Internal communication is managed in an interactive and dynamic manner at Arçelik. We care for increasing the motivation of our employees and building a sense of belonging. Various channels of communication are deployed, such as e-mails, newsletters, intranet, events, campaigns and information bulletins aiming for a healthy internal communication and employee engagement in our business strategies, goals, values and corporate identity.

“Aydabir” is the monthly, online internal communication magazine of Arçelik published in Turkish and English. “Aydabir” as an effective corporate communications tool enabling bilateral communication with our employees, covers the relevant information regarding the recent developments within the Company.
Occupational Health and Safety

Occupational Health and Safety Policy

Arçelik and its employees comply with all applicable national and international occupational health and safety laws and regulations and create a safe and healthy working environment in line with occupational health and safety management system based on continuous improvement.

We perform our activities to:
- analyze and decrease the occupational health and safety risks arising in the working environment,
- conduct trainings activities in order to develop and increase the awareness in occupational health and safety issues,
- take measures to achieve a zero work accident rate and a zero occupational disease rate and increase productivity accompanying the Quality and Environmental Management Systems and we strive to set a model in durable goods sector with regard to occupational health and safety efforts.

In 2008, to provide healthy and safe workplaces to its employees, Arçelik carried a project by the team of Occupational Safety Specialist and Occupational Health Physicians in Turkey, and restructured its organization. Today, the Company is working hard to establish this new management system to extend to its global organization.

Our occupational health and safety management system is there to ensure that all relevant national standards for health and safety are met for a hygienic, ergonomic and safe working environment for our employees and visitors. This requires a continuous cooperation of all our employees in taking essential precautions to safeguard the health and safety of their own and others who may be affected by their activities at work.

All our employees are given continuous guidance and trainings about health and safety issues and are encouraged to communicate with each other and their supervisors. On occupational health and safety issues, we organized 43,200 and 38,250 man-hours of trainings in total in 2008 and 2009 respectively in Turkey.

In accordance with social responsibility activities our Company has realized health and safety training programs other preventive and risk-control programs in 2009 for employees and also for their families.

Some of those programs in Turkey are:
- Effects of noise on human health
- Ergonomics
- Influenza and hygiene
- Women health seminar
- Father’s support program (for child development)
- Vaccination (Influenza) for employees and for their families
- Hepatitis B screening and vaccination
- Tetanus vaccine
- Health and safety announcements
Occupational Health and Safety Indicators

In line with our industrial relations policy we regard the trade union as our social stakeholder and we work together for better working conditions.
Currently, the percentage of safety factor rates at Arçelik is being monitored in Turkey in line with the Performance Management System and according to set targets.

We also monitor the following indicators:

- Occupational Health and Safety Training Hours
- Accident Frequency Rate
- Accident Gravity Rate
- Lost working days due to injuries and illnesses

In 2009, we observed decreases in all our health and safety indicators compared to the 2008 figures. The accident frequency rate, which is an indicator of total number of accidents, went down by 36%. The accident gravity rate, which is an indicator of total number of lost days due to accidents, went down by 26%. All in all, we improved our safety factor by 53% in 2009, compared to 2008. We achieved these substantial improvements thanks to Occupational Health and Safety organization restructured in 2009.

<table>
<thead>
<tr>
<th>Health and Safety Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2008-2009 improvement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident Frequency Rate (F)*</td>
<td>16,45</td>
<td>10,49</td>
<td>36%</td>
</tr>
<tr>
<td>Accident Gravity Rate (G)**</td>
<td>0,152</td>
<td>0,113</td>
<td>26%</td>
</tr>
<tr>
<td>Safety Factor (SF)**</td>
<td>0,0025</td>
<td>0,0012</td>
<td>53%</td>
</tr>
</tbody>
</table>

At Arçelik “Lost days” are monitored and reported on hourly basis. In 2008 and 2009 data were collected covering all our 8 facilities in Turkey.

* Accident Frequency Rate: F = (Total Number of Accidents / Total working hours)*1.000.000
** Accident Gravity Rate: G = (Total Number of Lost Days due to Accidents / Total working hours)*1.000
*** Safety Factor = (Frequency Rate * Gravity Rate) /1000 = (F * G) /1.000
Relations with Trade Unions

Arçelik respects its employees’ rights to organize and join trade unions. We approach the industrial relations from the perspective of “our most important asset is our people” and care for a peaceful atmosphere at workplace for all our employees.

The local conditions, traditions and practice in the regions and countries where we operate are taken into consideration in order to maintain the peaceful workplace atmosphere, even if sometimes certain issues do not have to be covered by agreements.

Our industrial relations policy perceives trade unions as our social stakeholder rather than “the other party”. We always attach great importance to maintain good relations and act together with the trade unions. It is significant for our Company that our employees have good working conditions. In this context, apart from conformity with laws, we include clauses for better working conditions, occupational health and safety performance, and other social benefits such as birth, marriage and meal support in the collective agreements and their implementation are tracked with utmost care.

Freedom of association and collective bargaining

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.

Industrial relationships with employees working under Collective Agreements are conducted through the workplace union representatives. As an employer in Turkey, Arçelik is a member of MESS (Turkish Metal Industrialists’ Union), while its blue collar workers are registered with the Turkish Metal Union.

Therefore, all our blue collar employees in Turkey, namely 85% of all employees, are covered by collective bargaining agreement. MESS and the Turkish Metal Union signed a collective agreement, which is systematically renewed in every two years. Current agreement is valid until 31 August, 2010.

In Romania, 10% of our white collar and 81% of blue collar employees in total 91% of all our employees are members of three different trade unions and are also subject to collective agreements. The collective agreements that are effective for the period covering 1 January 2009 to 31 December, 2009 in Romania are also renewed every year.

Percentage of employees covered by collective bargaining agreements (%) 

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>86</td>
<td>85</td>
</tr>
<tr>
<td>Romania</td>
<td>91</td>
<td>91</td>
</tr>
</tbody>
</table>

We always consult with and obtain the consent of the Labor Union with regard to changes in working conditions, the working environment and the rights of workers. In other countries where we operate, the collective bargaining agreements are not applicable local practices.
Our Responsibility

As a consumer durables producer, customers are one of our most important stakeholders. We engage with them in various ways to offer products and services that make life more comfortable at home. Customer satisfaction is a high priority and an essential target for us. We monitor our customers’ satisfaction regularly.

Additionally, we are direct contact with two important business partner groups, namely our authorized dealers and services as well as our suppliers. Our extensive network of authorized dealers and services is a cornerstone of Arçelik’s sustained market leadership. We also work very closely with our suppliers, striving for improved sustainability performance.

We also attach a great importance to collaboration with universities. We execute joint research projects and offer possibilities for internships.

Contributing to the prosperity of the communities in which we operate is another issue that we focus our efforts on. We do this by allocating both financial as well as human resources.

### Way to Sustainability

- **2008**  Arçelik Call Center was chosen the Best Call Center in its category
- **2008**  Arçelik convened a gathering for its 1,500 authorized dealers and 600-plus authorized services
- **2008**  According to a brand survey of Nielsen, Arçelik became the first brand to come to mind, the first brand to be remembered and the brand that the consumer feels closest to for the last 10 years
- **2009**  Third Beko International Dealers Meeting convened in Istanbul
- **2009**  Beko brand became the main sponsor of the FIBA Asia Championship Basketball and the FIBA European Basketball Championship
Our Customers

We listen to our customers and offer them products and services that make life more comfortable at home.

Customer satisfaction is a top priority and a crucial target at Arçelik. The secret of Arçelik’s success lies in “product quality, strong sales force and effective after-sales services”. This formula has never changed since our establishment.

Today, in all the markets where we are present, the relationship with our customers does not end with the sales; on the contrary, it starts and continues with the purchase of our products. Our customer satisfaction model is standardized and at the source lays our policy to take customer orientation as the basis for our “Total Quality Principle”.

Arçelik A.Ş. was amongst the first firms that signed and joined the “Consumer Protection Commitment System” in 1990, in Turkey.

In the “Traditional Consumer Awards” being organized by the Turkish Ministry of Industry and Trade in seven different categories, Arçelik A.Ş. won the “Consumer Satisfaction Oriented Firm” award with its activities and applications in 2008. Our Company was given this award especially for “adopting customer satisfaction as a corporate policy and reflecting this on all its activities and giving consumers rights beyond those given by laws and regulations.

Arçelik also adopts a similar approach in its after sales activities abroad and serves for consumer satisfaction continuously.

After Sales Services in Turkey

Arçelik delivers after sales services through 590 authorized services with 5,300 vehicles and 12,000 employees, of which 6,000 are technicians. Technicians are trained, certified and authorized by Arçelik.

Authorized services are capable of providing 10 million services annually for our brands. One of the distinctions of the Company’s service organization is the ability to handle both the delivery and installation of a product at a single visit to customer’s home.

We have increased customer satisfaction upon integration of service activities for white goods and consumer electronics.

Where as the minimum warranty period required by law is two years, we have been giving three-year warranties since 1998 for major appliances.

After Sales Services in International Markets

We provide after sales services with our own customer service organizations in the countries with our subsidiaries apart from Turkey, including and through our distributors in other countries. With more than 2000 service points and service companies, we are confident to supply “A” class service to customers who buy our products worldwide.

Parallel to our international growth, our authorized services were provided with intensive trainings in 2009 and 65 training programs were implemented in 32 countries.
Call Center

Customers can reach Arçelik easily to share their suggestions, opinions and complaints via its Call Center at 444 0 888 and also at its website, www.arcelik.com.tr.

Arçelik Call Center has a state-of-the-art technological infrastructure, which serves as a major competitive advantage.

The Call Center operates seven days a week, twenty-four hours a day with seamless communication and fast response to suggestions and requests.

An additional fundamental responsibility of the Call Center is to contribute to the development of new products that meet customer expectations by providing an unrestricted flow of suggestions and criticisms from customers.

The Call Center in Turkey is now also receiving calls coming from Grundig customers in Germany, and Elektra Bregenz customers in Austria.

Arçelik Call Center was honored to be the “Best Call Center” in its category in 2008 and proved its competitiveness with its technological infrastructure, service, process quality and customer focused approach. At the same event, Arçelik won “The Best Call Center Environment Award” that shows the Company’s commitment to provide the best working atmosphere to its employees.

Customer Satisfaction

At Arçelik, customer satisfaction is monitored carefully and reported regularly. We encourage our customers to share their opinions and complaints on our products and services. Since 2008, we have been conducting annual customer satisfaction surveys for Arçelik and Beko brands in Turkey not only for our 5 main white goods, but also for TVs and air conditioners. We also conduct various customer satisfaction surveys in our international markets.

All the feedback received from our customers is treated as a precious input to improve our services and to achieve our goal to give world class service to all Arçelik customers.

Advertising and Communication

Our policy is to conform to all applicable laws and regulations of the countries where our products are sold or manufactured. Our marketing communication processes adhere to this policy, as well. Besides, it is our principle to provide our customers with reliable, accurate and straightforward information regarding our products and services.

Before publishing any information on our products and services (such as the energy-efficiency or quality conformity labels), we make sure that we obtain the necessary approvals from independent bodies such as testing laboratories, universities and research companies, and we preserve an objective approach.

We take active membership in the Turkish Advertisers Association. Through our membership we promote the principle of providing honest and correct information to customers and conforming to generally accepted ethical standards.
Our Dealers and Services

A cornerstone of Arçelik’s sustained leadership is its extensive network of authorized dealers and services. With our 3,600 authorized dealers and 590 authorized services spread around the country we hold a leadership position in consumer durables sector in Turkey. We believe better service, high customer satisfaction and uninterrupted sales can only be achieved through our authorized dealers and their competent sales teams.

To increase capacities and abilities of our authorized dealers and services to serve to the customers we continuously deliver trainings through various tools such as, training programs, closed circuit TV channel broadcast and internet.

There is a constant dialogue with this stakeholder group; we organize regular “Dealer Meetings” to inform our dealers of our policies, targets and economic developments, and hear their feedbacks, expectations and concerns. We organize trainings to enhance the capacity of our dealers and collaborate with them in various social and environmental projects. To maintain an open and bilateral information flow between our Company and our dealers, we use a communication and management platform that is called as “Assist Program”. We monitor our dealers’ satisfaction about our Company by annual satisfaction surveys.

We seek collaboration with our dealers on social and environmental issues and encourage them to take part in voluntary projects carried out by Arçelik and the Koç Group. We also launch socio-environmental projects in collaboration with our dealers, including promotional and advertising initiatives to boost sales of energy-efficient products. The importance of energy efficiency that will be produced by the use of “A” class products is communicated to all our authorized dealers and services via our internal TV programs, trainings and through awareness and communication campaigns on energy and efficiency.

Communication with Authorized Dealers and Services

Trainings for Authorized Dealers

As Arçelik, we strive to improve the capacity of our authorized dealers through trainings. Such trainings equip them with the highest level of knowledge about our products, which eventually help them increase their sales and our service quality, and improve business performance by means of ensuring customer satisfaction and loyalty. These capacity building efforts are supported by our production site visits called “White Tour”. These site visits are supported by the product trainings and latest company news are broadcasted through our internal TV channels. To inspire the dealers to boost sales performance, we also provide ad hoc trainings for sales teams.

A total of 128 training programs, 66 of which were for Arçelik and 62 for Beko were conducted in the year 2008 and a total of 214 training programs, for Arçelik and Beko were fulfilled in the year 2009. In 2008 out of 1,194 Arçelik and Beko authorized dealers, a total of 2,048 sales representatives and in 2009 out of 2,878 Arçelik and Beko authorized dealers, 4,086 sales representatives attended these training courses. In 2008 and 2009 our capacity building efforts for Arçelik and Beko brands’ authorized dealers continued through training and production site visits.

<table>
<thead>
<tr>
<th>Trainings</th>
<th>Year 2008</th>
<th>Year 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Site Visits</td>
<td>105 Arçelik Authorized Dealers</td>
<td>25 Arçelik Authorized Dealers</td>
</tr>
<tr>
<td></td>
<td>112 Beko Authorized Dealers</td>
<td>26 Beko Authorized Dealers</td>
</tr>
<tr>
<td>Training Sessions</td>
<td>66 training sessions for Arçelik</td>
<td>214 training sessions for Arçelik</td>
</tr>
<tr>
<td></td>
<td>62 training sessions for Beko</td>
<td>and Beko</td>
</tr>
<tr>
<td>Sales Representatives Trainings</td>
<td>From 1.194 Dealers</td>
<td>From 2.878 Dealers</td>
</tr>
<tr>
<td></td>
<td>988 Arçelik sales representatives</td>
<td>2,092 Arçelik sales representatives</td>
</tr>
<tr>
<td></td>
<td>1,060 Beko sales representatives</td>
<td>1,994 Beko sales representatives</td>
</tr>
</tbody>
</table>
**Trainings for Authorized Services**

We have started to provide trainings to our technicians on our new products through the Service TV. Parallel to our international growth, our authorized services were provided with intensive trainings in 2009 and 65 training programs were implemented in 32 countries.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trainings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programs</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Countries</td>
<td>35</td>
<td>32</td>
</tr>
</tbody>
</table>

**Authorized Service TV**

In Turkey, we have started to provide trainings to our technicians on our new products through the Service TV since February 2007. The broadcasts maintained 99% audience satisfaction according to a survey carried out in 2009.

The Service TV ensures a fast and economic path for our authorized services to reach training programs. Apart from these trainings, it is also possible to conduct some interactive tests and questionnaires through the Service TV.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broadcasts</strong></td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td><strong>Episodes</strong></td>
<td>48</td>
<td>75</td>
</tr>
</tbody>
</table>

**Trainings for Authorized Services**

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<table>
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<tr>
<th></th>
<th>2008</th>
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<td>Countries</td>
<td>35</td>
<td>32</td>
</tr>
</tbody>
</table>

**Authorized Service TV**

In Turkey, we have started to provide trainings to our technicians on our new products through the Service TV since February 2007. The broadcasts maintained 99% audience satisfaction according to a survey carried out in 2009.

The Service TV ensures a fast and economic path for our authorized services to reach training programs. Apart from these trainings, it is also possible to conduct some interactive tests and questionnaires through the Service TV.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broadcasts</strong></td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td><strong>Episodes</strong></td>
<td>48</td>
<td>75</td>
</tr>
</tbody>
</table>
Our Suppliers

As Arçelik, our main objective is to produce high quality, cost-effective and environmentally-friendly products and purchasing is of strategic importance to achieve this objective. We expect all our direct material suppliers to work in line with our rules of business ethics and to comply with Arçelik’s quality and environmental requirements and we implement these through contract provisions. These requirements apply to our direct material suppliers, who are suppliers of raw materials and components in plastics, metal, mechanics and electronics sectors. Through the implementation of our requirements, we also strive to bring out the innovative and creative capacities of our suppliers.

In this report we explain our approach to suppliers delivering raw materials and/or semi-finished products for the production of our white goods and electronics only. Suppliers of other products such as small household appliances are not included in this section.

Supplier Selection, Qualification and Auditing Processes

We apply a stepwise method in the supplier selection and qualification process. Initially, a self-assessment questionnaire is sent to the suppliers, where they provide thorough information about the company, its corporate and financial structure. The self-assessment questionnaire serves as a tool to assess the current condition of the suppliers in terms of quality management system, environmental management system and compliance to our Rules of Business Ethics. The answers are evaluated by the Purchasing Department to understand whether the Company meets Arçelik’s requirements. If necessary a detailed site visit or a risk-based audit is conducted. These audits cover the quality standards, technical capability aspects, environmental and business ethics issues.

Communication

Communication with our suppliers is critical in building an effective supply chain management system. Through regular meetings, site visits, audits and our “Supplier Portal”, we share our targets, policies and strategies with them. New issues or requirements in the field of environment and business ethics are also shared with the suppliers in these meetings. Arçelik’s Supplier Portal is used to exchange online information including quality, environment, Rules of Business Ethics, billing and purchasing orders. Our suppliers are also periodically informed about new environmental regulations and European Directives like REACH, RoHS, PAH, WEEE as well as ethical issues through emails.
Standards for Suppliers

All our suppliers are required to work in line with our three global requirements; rules of business ethics, quality management system, environmental management system and we implement these through contract provisions. We share all of these requirements with our suppliers, and they are also available for download on our website, both in English and in Turkish.

Rules of Business Ethics

Arçelik is one of the first companies to sign the Code of Conduct on Corporate Social Responsibility established by European Committee of Domestic Equipment Manufacturers (CECED). Based on the requirements of the CECED Code of Conduct we have defined our own “Rules of Business Ethics” applicable to our suppliers. All our suppliers are expected to consider our Rules of Business Ethics in their operations and extend its implementation to their own suppliers.

Our Rules of Business Ethics comprises requirements that fall under the following 10 categories: Laws and regulations, Communication, Compulsory Labor, Child Labor, Harassment, Compensation, Working hours, Non-discrimination, Health and Safety, Freedom of Association and Collective Bargaining.

Ultimately, what we strive for is to operate socially and environmentally responsible within the scope of influence.

Quality Management System

Our suppliers should establish, document, implement and continually enhance the efficiency of their quality management systems. The aim is to reduce nonconformities, improve operational performance, and reduce waste. They are required to have quality objectives, which meet the expectations of Arçelik including the requirements of material conformity, which are measurable and could be implemented in a certain timeframe in compliance with our Quality Policy.

Our suppliers should also have regular management reviews. These reviews should cover the activity outputs aimed at monitoring the overall performance of the process. With respect to management system and product standards, we expect that our suppliers have obtained certificates of management standards such as ISO 9001, ISO 14001, ISO/TS 16949, OHSAS 18001, EMAS and product standards like TSE, BEAB, VDE, DIN.

We also monitor and evaluate the quality performance of our suppliers. According to the performance assessment results, we define, prioritize and plan development activities and monitor the suppliers, which have the potential for improvement.

Environmental Management System

As Arçelik, we comply with the laws and regulations related to the life cycle (from design to disposal) of our products, in all countries where we manufacture or sell them. Along with the current legal regulations set out to this end, we also comply with the EC Directives to provide conformity of the legal measures taken at national levels in the EU member countries. We implement an environmental policy, where our approach to legal compliance has been declared.

Realization of Arçelik’s environmental policy can only be achieved with the collaboration of players in our supply chain. Therefore, we request our suppliers to sign a material declaration of conformity to Arçelik’s restricted materials list. All the purchased materials are controlled and tested for conformity to regulations either through accredited laboratories or Arçelik’s own RoHS test laboratories. Arçelik evaluates both existence of environmental management system and compliance with legal regulations. Going forward, within the new chemicals policy of EC, the REACH Regulations, we manage all related compliance issues accordingly.

Contract Provisions for Direct Material Suppliers

Arçelik establishes commercial relations with its suppliers, based on mutual trust, understanding of responsibilities and open communication. We set well-defined contents and limits in our purchasing contracts with our suppliers, we define the working conditions bilaterally. The contract provisions also include the measures as well as the procedures in case the provisions are not met.
There are two types of documents concerning the contract between Arçelik and its suppliers:
> Purchasing Quality Specifications for the Direct Material Suppliers appended with the declaration of environmental compliance of materials, which secure that the materials purchased are in accordance with the regulations and laws like, RoHS, PAH, WEEE and our Rules of Business Ethics
> Direct Material Purchasing Contract

**Our suppliers in numbers**

As a producer of consumer durables, we purchase all the components and raw materials from suppliers, majority of which are located in Turkey and Europe.

### Suppliers of components and raw materials by geographical region

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>451</td>
<td>56.96%</td>
<td>555</td>
<td>48.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>322</td>
<td>34.03%</td>
<td>413</td>
<td>25.9%</td>
</tr>
<tr>
<td>Far-East</td>
<td>124</td>
<td>7.90%</td>
<td>425</td>
<td>25.1%</td>
</tr>
<tr>
<td>America</td>
<td>11</td>
<td>0.67%</td>
<td>16</td>
<td>0.18%</td>
</tr>
<tr>
<td>Middle-East</td>
<td>3</td>
<td>0.44%</td>
<td>6</td>
<td>0.26%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>911</td>
<td>100.00%</td>
<td>1,415</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

* For 2008, the figures above include our production plants in Turkey and Romania for white goods production. For 2009, purchasing data related to our Electronics Plant in Turkey and Beko LLC Plant in Russia have also been added.

**Purchasing locally**

In line with Arçelik's one of the business objectives: sustainable growth through improved profitability, we also try to supply locally in the countries where we have production plants. For instance, in 2008 and 2009 Arçelik purchased 15% of its raw materials and components by volume from local suppliers for Arctic plant in Romania. Beko LLC plant in Russia purchased 27% and 30% of its raw materials and components from local suppliers in 2008 and 2009 respectively.
Collaboration with Universities and Research Institutes

We value the collaboration with universities and institutes and other organizations that support our Company's innovative culture. One of the forms of collaboration is engaging in project-oriented work on technological subjects with universities and research institutes. Currently, we collaborate with over 20 national universities and institutes and over 15 international universities and research institutes.

We have collaborations with several universities in projects such as Turkish Ministry of Industry’s SANTEZ projects (Industrial Theses), 1001 - Research Projects supported by TÜBİTAK (The Scientific & Technological Research Council of Turkey) and other international projects.

<table>
<thead>
<tr>
<th>International</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACRC, USA</td>
<td>Anadolu University</td>
</tr>
<tr>
<td>Bonn University, Germany</td>
<td>Boğaziçi University</td>
</tr>
<tr>
<td>Fraunhofer Institute, Germany</td>
<td>İstanbul Technical University</td>
</tr>
<tr>
<td>GKSS Research Center, Germany</td>
<td>Kocaeli University</td>
</tr>
<tr>
<td>TNO, the Netherlands</td>
<td>Koç University</td>
</tr>
<tr>
<td>UIUC, USA</td>
<td>Middle East Technical University</td>
</tr>
<tr>
<td></td>
<td>TÜBİTAK - MAM</td>
</tr>
<tr>
<td></td>
<td>Yıldız Technical University</td>
</tr>
</tbody>
</table>

In accordance with the protocols between our Company and some universities, students have completed their master's and doctoral degrees by working in Arçelik laboratories and projects. At Arçelik, we initiated Turkey's one of the first successful examples of university-industry cooperation. Between the years 1997 and 2009, we contributed to completion of 107 theses by esteemed university lecturers.

This initiative created opportunities for scientific approaches and integration of academic knowledge in our R&D projects, while they provided research potential to universities. We have carried out long-term projects with university students at the beginning of their internships. Many students have completed their theses at Arçelik, aided by the knowledge and guidance of their university supervisors. Over the years, 70 of these students who are now engineers have been employed in different departments within the company. The recent figures are; 1 PhD., 15 M.S and 16 B.S. degrees in 2009, 11 M.S. and 19 B.S. degrees in 2008.

With the help of our university and industry cooperation model, in 2008 one PhD thesis that was supervised by our R&D Directorate, received a recognition in Turkey with "Dr. Akın Çakmakçı Awards: Success Stories of Theses Applied in Industry," a competition sponsored by the Technology Development Foundation of Turkey (TTGV). This award and previous awards strengthen cooperation between universities and industries and encourage commercializing R&D university projects in the country. Arçelik’s R&D department has also taken part in the EU’s research programs such as EUREKA and EU Framework Program with several projects. Currently, 5 projects of the EU 7th Framework Program and 2 EUREKA projects are underway.
Economic, social and environmental sustainability of the countries where we operate has a direct impact on business success. Apart from contributing to economies of the countries in which we operate by creating employment, growth and added value, we also assume an important role by managing our social and environmental impact on those communities. Since its foundation, our Company has been committed and responsible towards the communities near our operations and that is how we have gained our social license to operate.

We show our commitment by developing and implementing projects to improve social standards and find solutions for sustainable development challenges. In doing so, NGOs are our indispensable partners.

We focus our community investment efforts on three areas: namely education, environment and sports. Arçelik also collaborates with local public institutions where it operates, with a view to improving the sustainable development of the regions in line with its corporate principles and values.

Our Role in the Community
Community Investment

“Standing United for Education with Arçelik” Social Responsibility Program in Turkey

Access to education is a real challenge for some of the communities we are part of. Public awareness on education and access to education is a must for a nation's development and remedy to many social problems. Therefore, we treat education as a material issue in our community investment strategy and try to be part of the solution.

As an area of focus, we have chosen early childhood education. Knowing that self-development must be supported in the early stages of life, we launched a program called “Standing United for Education with Arçelik” in 2004. This initiative is carried out jointly with NGOs and the Ministry of Education of Turkey. The program targets primary school students and aims to contribute towards properly raising 200,000 children studying at almost 300 regional primary boarding schools. It is geared towards improving the education standards and the development of children coming from disadvantaged families. It is crucial that all the children can access to education, so that they can form their futures with confidence and take part in the society.

Focused on the personal development of students, the program consists of five projects: Our Rooms, They Were Once Children, Support and Education for Teachers, Arçelik Education Scholarship, and Volunteer Family Association.

Vehbi Koç Foundation, Educational Volunteers Foundation of Turkey, Mother Child Education Foundation, and Private Sector Volunteers Foundation are the NGOs that have contributed to the implementation of this program.

Provinces Covered by the Program

2004
2004-2005
2005-2006
2006-2007
2007-2008
2008-2009

2008-2009 Academic Year
- Number of schools reached 216 schools in 50 cities
- Number of students reached 130,000 students

2009-2010 Academic Year Target
- 258 Regional Primary Boarding Schools in 55 provinces all over Turkey, including the addition of Adiyaman, Batman, Diyarbakir, Siirt and Bitlis.
Arçelik and Volunteerism in Turkey

At Arçelik we have established “Arçelik Volunteers Team” comprising of our employees and teams of our authorized dealers and services. The purpose of the team is to deliver both our and our parent’s Koç Group’s various corporate social responsibility programs. Our volunteers embrace our corporate values and principles and devote time, expertise and energy to activities that add value to the community. During the reporting period we realized a number of projects, three of which deserve special focus due to their coverage and extent.

The Standing United for Education with Arçelik Program

One of the projects that Arçelik Volunteer Teams delivered was part of our “the Standing United for Education with Arçelik” program. Our volunteers’ aim was carried out to increase a social and cultural awareness of students enrolled at the schools that the program supported. They organized a poetry and painting contest among the students with the theme “Let’s Protect Our Environment and Natural Resources”. For this competition, the students were encouraged to elaborate on issues like maintaining our rapidly diminishing environmental resources and less water and energy consumption. Essays, poems and paintings were sent by students from all over Turkey.

All the works were evaluated twice by Arçelik employees, first by a voluntary jury of employees and then the short-list has been evaluated by Arçelik employees in all our international offices via intranet. Successful students and school administrators were hosted by the volunteer families in Istanbul and they participated in an award ceremony at our headquarters. They have visited Istanbul for the first time and been to the city’s historic and touristic places. Following this activity we prepared a “the Standing United for Education with Arçelik Program” booklet with the essays, poems and paintings of the students.
Vocational Education, A Top Matter for the Nation

Another project supported by Arçelik Volunteers Team is “Vocational Education, A Top Matter for the Nation” initiated by Koç Group in 2006. The purpose of this project is to help transform the young generations in Turkey into professionals and empower them as qualified personnel for the private sector. Our volunteers coach the vocational high school students; share their professional learning experiences as they guide them in their development.

In 2008, the number of supported schools reached 26 and the number of supported students reached 639. The coaches keep the communication constant; get together with the students to share their knowledge and experiences. The number of academic scholars increased to 896 and the number of the coaches reached to 28 during the 2009-2010 academic year.

For My Country

Arçelik Volunteers Team has continued to support the social responsibility projects carried out by Koç Group every year as part of the “For My Country” project. In 2008, focusing on environmental issues, “For My Country Project” had the goal to plant 700,000 saplings in 7 regions of Turkey, with the support of the Ministry of Environment and Forestry and the TEMA Foundation. In this project, Arçelik employees, authorized dealers and services voluntarily supported to plant a total of 212,509 saplings.

The aim of “For My Country” in 2009 was determined as environmental education for the primary school children. Within the scope of this activity, 113 Arçelik and Beko Authorized Dealers organized environmental trainings in order to raise environmental consciousness and to teach how to use natural resources effectively with TEMA foundation in 75 cities in Turkey.
Arctic “Believe in U” platform and Community Support in Romania

Arctic, our leading household appliances brand in Romania, carries out many projects through a communication platform called “Believe in U”. This platform is formed as a corporate social responsibility project to make a difference in issues such as; education, healthcare, social issues, and environmental protection. Some of the examples of the projects carried out by “Believe in U” platform are; in 2008, the “Filter Design,” the foremost and only independent innovative design competition in Romania. The purpose of the competition was to recognize young and talented designers who would change the world with their innovative ideas. In 2009, Arctic donated equipment to hospitals and to a disabled children’s center in Gaesti. Arctic also visited and presented New Year’s gifts to the elderly people in nursing homes and to children from disadvantaged families.

Community Support for Kirzhach Region in Russia

Beko LLC, Arçelik’s Refrigerator and Washing Machine Plant in Russia also tries to contribute to community development in Vladimir Region in the areas of education, health, environment, and sports.

Beko LLC carried out several projects contributing to the society, from designing a special room for the special children to computer classes, and appliances donations to tree plantation for Kirzhach Region. Beko LLC was recognized at the Elite of the National Economy Awards in the category of “Corporate Social Responsibility” for its continuous support to the community.
Sponsorships and Donations

Sports Sponsorships

We do our part in the field of sports by supporting various activities. Our support to sports has been ongoing for many years in Turkey, with the goal to promote and make it more popular. In 2009 we carried our investments in sports to an international level.

Beko - National and International Sponsorships

Since 2006, we have undertaken the sponsorship of Turkish Basketball League under our Beko Brand to promote this sport and sportsmanship. We believe that this long-term cooperation has contributed to the development of young athletes, as well as to the Basketball League in the Country.

Basketball represents the same values and targets that Beko espouse. With Beko’s “World Brand” slogan we support basketball internationally. Beko became the main sponsor of the FIBA Asian Basketball Championship and the FIBA European Basketball Championship in 2009. Beko also sponsored the German Basketball League, “Basketball Bundesliga” in the spring of 2009. Subsequently, the name of the league was changed to Beko Basketball Bundesliga. Beko undertook the main sponsorship of the Youth Ice Hockey League in Russia in 2009. In 2010 Beko became the Presenting Sponsor of the 2010 FIBA World Championship, that brings the world’s strongest basketball teams together.

Donations

In line with our community investment strategy, we have made product donations to public institutions such as hospitals, schools, universities and alike and cash donations to reputable foundations, which amounted over TRY 6,5 billion in 2008 and TRY 1,3 billion in 2009.
This is the first time that we based the contents of our Sustainability Report on the GRI's G3 Sustainability Reporting Guidelines. The GRI uses application levels to indicate the extent to which its reporting principles and guidelines have been applied. We assessed ourselves at the "C- application level", which is also checked and approved by the GRI Secretariat.

The table below provides a detailed overview of disclosure items of the GRI G3 Guidelines. For each GRI disclosure item, we provide the corresponding page numbers where relevant information can be found. We also made references to our Annual Report 2009 in cases where necessary. These are indicated as AR in the table below. (Our 2009 Annual Report can be downloaded at: http://www.arcelikas.com.tr/Cultures/en-US/Yatirimciliskileri/FinansalRaporlar/?MENUID=2).

<table>
<thead>
<tr>
<th>GRI no.</th>
<th>STANDARD DISCLOSURES</th>
<th>Page no.</th>
<th>Where to find the information</th>
<th>Extent of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Strategy and Analysis</strong></td>
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<td>CEO's Message</td>
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<td>4</td>
<td>Organizational Profile</td>
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<tr>
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<td>Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.</td>
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<td>Organizational Profile</td>
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<tr>
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<td>Location of organization’s headquarters.</td>
<td>6</td>
<td>Global Operational Network</td>
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<tr>
<td>2.5</td>
<td>Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.</td>
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<td>Global Operational Network, Company Profile</td>
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<td>2.6</td>
<td>Nature of ownership and legal form.</td>
<td>15</td>
<td>Shareholder Structure</td>
<td>Full</td>
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<tr>
<td>2.7</td>
<td>Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).</td>
<td>4 - 6</td>
<td>Company Profile</td>
<td>Full</td>
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<tr>
<td>2.8</td>
<td>Scale of the reporting organization.</td>
<td>4, 6, 14, AR 20 AR 108</td>
<td>Company Profile / Arçelik A.Ş. at a Glance, Our Employees / Composition of Our Employees, Sustainable Growth/Financial Figures</td>
<td>Full</td>
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</tbody>
</table>

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<thead>
<tr>
<th>GRI no.</th>
<th>GRI PROFILE DISCLOSURES</th>
<th>Page no.</th>
<th>Where to find the information</th>
<th>Extent of reporting</th>
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<tr>
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<td>Significant changes during the reporting period regarding size, structure, or ownership.</td>
<td>5</td>
<td>Company Profile / International Markets, Arçelik A.Ş. and Grundig Elektronik A.Ş. Merger</td>
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<tr>
<td>2.10</td>
<td>Awards received in the reporting period.</td>
<td>16 - 17</td>
<td>Sustainable Growth / Awards and Achievements</td>
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<tr>
<td></td>
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<tr>
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<td>Reporting period (e.g., fiscal/calendar year) for information provided.</td>
<td>7</td>
<td>About this Report / Our Approach to Reporting</td>
<td>Full</td>
</tr>
<tr>
<td>3.2</td>
<td>Date of most recent previous report</td>
<td>7</td>
<td>About this Report / Our Approach to Reporting</td>
<td>Full</td>
</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle (annual, biennial, etc.)</td>
<td>7</td>
<td>About this Report / Our Approach to Reporting</td>
<td>Full</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact point for questions regarding the report or its contents.</td>
<td></td>
<td>Inside back cover</td>
<td>Full</td>
</tr>
<tr>
<td>3.5</td>
<td>Process for defining report content including:</td>
<td>8 - 10</td>
<td>About this Report / Our Approach to Reporting</td>
<td>Full</td>
</tr>
<tr>
<td></td>
<td>• Determining materiality;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Prioritizing topics within the report;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Identifying stakeholders the organization expects to use the report.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).</td>
<td>8</td>
<td>About this Report / Boundary and Scope</td>
<td>Full</td>
</tr>
<tr>
<td>3.7</td>
<td>State any specific limitations on the scope or boundary of the report</td>
<td>8</td>
<td>About this Report / Boundary and Scope</td>
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<tr>
<td>3.8</td>
<td>Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.</td>
<td>8</td>
<td>About this Report / Boundary and Scope</td>
<td>Full</td>
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<tr>
<td>3.9</td>
<td></td>
<td></td>
<td>AR 114</td>
<td></td>
</tr>
<tr>
<td>3.10</td>
<td>Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.</td>
<td>7</td>
<td>About this Report / Our Approach to Reporting</td>
<td>Full</td>
</tr>
<tr>
<td>GRI no.</td>
<td>GRI PROFILE DISCLOSURES</td>
<td>Page no.</td>
<td>Where to find the information</td>
<td>Extent of reporting</td>
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<td>Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.</td>
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<td>About this Report / Our Approach to Reporting</td>
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<td>Table identifying the location of the Standard Disclosures in the report.</td>
<td></td>
<td>This Table</td>
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</tr>
<tr>
<td></td>
<td><strong>Governance, Commitments and Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.</td>
<td>19</td>
<td>Corporate Governance / Board of Directors and Audit Committee Board of Directors 2009 Management 2009</td>
<td>Full</td>
</tr>
<tr>
<td>4.2</td>
<td>Indicate whether the Chair of the highest Governance body is also executive officer.</td>
<td>19</td>
<td>Corporate Governance</td>
<td>Full</td>
</tr>
<tr>
<td>4.3</td>
<td>For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.</td>
<td>19</td>
<td>Corporate Governance</td>
<td>Full</td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</td>
<td>10</td>
<td>Our Approach to Sustainability/ Dialogue with Stakeholders Corporate Governance / Stakeholders Exercising Shareholder Rights to Obtain Information Voting and Minority Rights Stakeholders Participation in Management</td>
<td>Full</td>
</tr>
<tr>
<td></td>
<td></td>
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Disclaimer

This Report contains information and analysis on corporate statements as well as forward-looking statements that reflect the Company management’s current views with respect to certain future events. Although it is believed that the information and analysis are correct and expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ, materially.

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