

Corporate Governance Principles Compliance Report

Corporate Social Responsibility Approach

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

Responsibilities towards "Sustainable Development", environmental awareness and social sensitivity and operating in full compliance with laws, ethical standards and human rights constitute the "Corporate Social Responsibility" of the Company.

Drawing its strength from the corporation values and the principle of "I exist only if my country exists" determined by dear deceased Vehbi Koç, the founder, the Company strives to fulfill its responsibilities together with its employees and all of its business partners.

As the complement of its activities being performed in economic, social and environmental fields, Arçelik A.Ş. publishes a separate annual report under the name of "Sustainability Report". The report covers sustainable profitability of Arçelik A.Ş. as well as the company's activities performed together with all of its shareholders in the direction of innovative product development and manufacturing approach which is focused on the protection of natural resources, improving social standards, efficient corporate governance, human rights and implementation of ethical principles for business.

Corporate Governance Approach

The Company's corporate values, ethical approach, good governance philosophy and business ethics principles guide the employees to fulfill their responsibilities.

In line with international business standards, for long-term productivity and success of the Company, it is inevitable to convey four principles of corporate governance: accountability, responsibility, openness and transparency and equality, which build trust between stakeholders and corporations, to its activities.

Arçelik A.Ş. is conscious of the fact that the methodology for fulfilling the promises on trust and stabilization against the Company's stakeholders, especially investors can be achieved by sound corporate governance. The positive impacts of Company's performance on "Corporate Governance Principles" are clearly observed in especially meetings conducted with corporate investors. The company not only depends on its business results and robust capital structure to achieve its profitability targets, but also on its corporate reputation, an important asset that has been established over many years.

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles Compliance with Corporate Governance Principles

Implementation and actualization of Corporate Governance Principles, which were issued by Capital Markets Board (CMB) on July 4, 2003 under decision number 35/835 and shared with the public on July 2003, is vital especially for the creditworthiness and financial opportunities of publicly traded corporations. Mentioned principles that reveal the quality of corporate governance have been adopted by the Company. As per CMB resolution No. 48/1588 and dated December 10, 2004, it has been decided that the companies traded at Istanbul Stock Exchange (ISE) shall include their statements related to their conformance with mentioned Corporate Governance Principles in their annual reports and on their websites (if any), beginning from their 2004 annual reports. In accordance with the aforementioned resolution, Arçelik A.Ş. has set up an in-house team to examine the compliance with these principles, and in consequence of these studies as of 2004 compliance related information has been included in its annual reports and on its website. Corporate Governance Principles have been revised with a comprehensive amendment by CMB's Communiqué Serial: IV, No: 56, which was published in the Official Gazette dated December 30, 2011.

While fully complying with the obligatory principles within the scope of Communiqué Serial: IV, No: 56, Regarding Determination and Implementation of Corporate Governance Principles, the Company also complied with the majority of nonobligatory principles. Although also the full compliance with nonobligatory principles is aimed, full compliance is not yet achieved due to reasons such as challenges encountered in the implementation of some principles, on-going discussions both in our country and international platform about compliance with some principles and some principles that not well-suit to current structures of market and company. Studies on the principles which are not yet put into practice still carries on and it is planned to carry into practice upon the finalization of administrative, legal and technical infrastructure works that will contribute to the efficient governance of our company. Comprehensive works performed within the frame of corporate governance principles within the structure of our company and in the related sections principles which have not been complied yet and if any, conflicts of interest arisen due to this have been explained below.

Works performed for compliance with Communiqué Serial: IV, No: 56, which includes new regulations related to CMB's corporate governance principles and Turkish Commercial Code are the primary works performed in the field of Corporate Governance within 2012 year. In our 2012 Ordinary General Assembly all amendments specified in the Communiqué have been made in our company's articles of association. Furthermore the process related to the determination of nominees for independent board member and announcement to the public has been performed and election has been finalized in accordance with the regulations. Established Board of Directors' Committees efficiently became operational. Remuneration policy for Board of Directors and Top Managers has been determined and submitted for the approval of shareholders at General Assembly. Prepared general assembly information document and general assembly information such as voting right, organizational changes which are obligatory to be explained as per the principles, CVs of nominees for board member, remuneration policy for Board of Directors and Top Managers and other information that needs to be explained have been submitted for our investor's information three weeks before the general assembly. All of our related party transactions have been submitted for Board of Directors' information and with the

approvals of our independent board members; the continuity of abovementioned transactions has been decided. Furthermore necessary revisions have been performed in terms of full compliance with principles by revising our company's website and annual report. Also in the forthcoming period necessary works are going to be performed by considering the improvements and implementations in legislation for compliance with Corporate Governance Principles.

While our Company's corporate governance rating was 8.59 on a ten point scale (85.91%) which had been announced to public with our August 1, 2011 dated material disclosure and had been given by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA), it has been increased to 9.11 on a ten point scale (91.07%) after the revision performed by SAHA on July 30, 2012. Our Corporate Governance Rating has been determined as a result of an evaluation made under four main topics (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted based on CMB's Corporate Governance Principles and current distribution based on main topics are provided below:

Main Sections	Weight	2011 Rating	2012 Rating
Shareholders	0.25	8.87	8.95
Public Disclosure and Transparency	0.35	9.30	9.34
Stakeholders	0.15	9.52	9.52
Board of Directors	0.25	6.76	8.69
Total	1.00	8.59	9.11

The report, which has been prepared by SAHA related to the corporate governance rating, is available on our Company's website at www.arcelikas.com.tr address. In this report, SAHA has made the following assessment:

“In consideration of Arçelik A.Ş.'s determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements affected during the period lapsed since the publication of the original report, the corporate governance rating of the company is updated as above.”

Main improvements that affected the above increase are the following:

- A provision to maintain that transactions and decisions taken by the board of directors that do not comply with those Corporate Governance Principles which are defined as mandatory by the Capital Markets Board will be invalid and the company will fully comply with the Corporate Governance Principles published by the Capital Markets Board regarding the transactions of significance as defined by the Corporate Governance Principles, all transactions with related parties, and the issuance of guarantees like pledges and mortgages in favor of a third persons is incorporated in the articles of association of the company.
- Appointment of 4 independent members to board of directors composed of 12 members has been made. There is only one executive member in the board.
- Corporate Governance and Audit committees are formed entirely by independent board members. Consequently, the committees are chaired by independent members as well.

- Furthermore, Risk Management and Executive committees are formed from within the board. Members of these committees are not executive members of the board.
- The Company has executed a series of improvements with regard to compliance with the new Corporate Governance Principles that has entered into force on December 30, 2011.

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

Corporate Governance Principles Not Yet Implemented

Arçelik A.Ş. believes in the importance of fully complying with the Corporate Governance Principles. However, full compliance with some principles has not yet been achieved due to reasons such as challenges which may be encountered in the implementation and may cause the delay of company activities, on-going discussions both in our country and international platform about compliance and not well-suited to current structures of market and company.

Efforts for full compliance with the Corporate Governance Principles have been continued by preparing a corporate governance action plan concerning the areas that still need improvement in corporate governance implementations as determined in the Corporate Governance Rating Report prepared by SAHA .

Other Works Performed Within the Period for Compliance with Principles

Within 2012, works for compliance with corporate governance principles has been continued and following steps have been taken apart from the above compliance works mentioned in the report of SAHA.

Board of Directors of our Company has taken the following decisions on April 26, 2012:

Activities of our current committees have been revised within the frame of provisions included in the CMB's Communiqué Serial: IV, No: 56, Regarding Determination and Implementation of Corporate Governance Principles ("Communiqué"), which was entered into force by being published in the Official Gazette dated December 30, 2011. Within this scope, the following have been decided;

1. a) Audit Committee which has been established with No. 503 and dated April 24, 2003 Board Decision shall continue its activities as per the operating principles by selecting all of its members from among independent board members;

b) This Committee shall compose of 2 members and Kutsal Çelebican shall be appointed as the Chairman and Davut Ökütçü shall be appointed as the member;

2. a) Corporate Governance Committee which has been established with No. 692 and dated March 22, 2010 Board Decision shall continue its activities as per the operating principles by selecting its Chairman from among independent board members; furthermore Candidate Nomination Committee and Compensation

Committee tasks specified within the Communiqué shall be also performed by Corporate Governance Committee;

b) This Committee shall compose of 2 members and Tunç Uluğ shall be appointed as the Chairman and Mehmet Barmanbek shall be appointed as the member;

3. a) Risk Management Committee which has been established with No. 701 and dated July 16, 2010 Board Decision shall continue its activities as per the operating principles by selecting its chairman from among independent board members;

b) This Committee shall compose of 2 members and Mehmet Barmanbek shall be appointed as the Chairman and O. Turgay Durak shall be appointed as the member;

4. a) To expand the activities of Investment and Business Development Committee, which has been established with No. 701 and dated July 16, 2010 Board Decision and with the purpose of creating ideas and strategies within the company, providing coordination between related departments and accordingly offering advices and suggestions to our Board of Directors on designing and planning new projects and investments by determining featured fields in the sectors in which our Company carries on its activities and monitoring the management of approved strategies and projects, for supporting the Board of Directors in every field; to amend its name as “Executive Committee” and to continue its activities as per the operating principles,

b) This Committee shall compose of 6 members and Rahmi M. Koç shall be appointed as the Chairman and Mustafa V. Koç, Semahat S. Arsel, Ömer M. Koç, Ali Y. Koç and O. Turgay Durak shall be appointed as the members.

Established within the body of our Company for the purpose of auditing the operation of our accounting and reporting systems to comply with related law and regulations, public disclosure of the financial information, the operation and efficiency of independent audit and internal audit system, the Audit Committee has concluded 4 meetings within 2012 year to evaluate the financial statements.

Established within the body of our Company for the purpose of following the compliance with Corporate Governance Principles issued by Capital Markets Board, accordingly performing improvement activities and offering suggestions to Board of Directors, the Corporate Governance Committee has concluded 8 meetings within 2012 year.

Established for the purpose of early detection, evaluation, calculation of effects and probabilities of strategic, operational, financial and all other miscellaneous risks that may affect our Company and managing and reporting these risks in accordance with corporate risk-taking profile of our Company, considering these risks in decision making mechanisms and accordingly providing advices and suggestions to our Board of Directors on creation and integration of efficient internal control systems, the Risk Management Committee has concluded bimonthly meetings within 2012 year.

Established for the purpose of informing the Board of Directors in necessary cases about the Company and the developments within the sector that Company operates in by following more closely; providing coordination between the administrative

structure of the Company and Board of Directors; developing proper strategies for the Company and providing advices for the efficient of Company's activities, the Executive Committee has concluded 7 meetings within 2012 year.

SECTION I: SHAREHOLDERS

2. Shareholders Relations Unit

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

Arçelik A.Ş. Shareholders Relations Unit consists of:

Dr. Fatih Kemal Ebiçlioğlu

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Information about activities carried out in 2012 in order to provide detailed information to investors on the Company's operations is summarized as follows:

Number of investor conferences held in Turkey and abroad	8
Number of investors met with	248
Number of teleconferences organized for the disclosure of 2011 year-end financial results and three quarters of 2012	4
Number of press meetings organized in Turkey and abroad	3

Major activities executed in Shareholder Relations Unit are as follows:

- Keeping the records of shareholders in a proper, secure and up-to-date manner,
- Responding to shareholders' oral or written queries for information regarding the company, excluding undisclosed information that is considered confidential and trade secret,
- Ensuring that the general shareholders' meeting is conducted in accordance with applicable legislation, articles of association and other in-house regulations,
- Preparing documents to be used by shareholders during general shareholders' meetings,

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

3. Use of Shareholders' Rights to Obtain Information

In the use of rights of shareholders, the legislation, article of association and other in-house regulations are applied, as well as necessary precautions are taken to ensure the use of these rights and all shareholders receive equal treatment. In Arçelik A.Ş., Shareholder Relations Unit is operated under the authority of Assistant General Manager of Finance and Accounting. The primary objective of the company is to ensure that shareholders exercise their right to obtain information in a fair and complete process. Furthermore, the Company enables its shareholders to exercise their rights, which they are entitled to as partners, fully and as soon as possible.

In the Company no discrimination is applied among shareholders in the use of their right to obtain and evaluate information. Each shareholder has right to obtain and evaluate information.

The queries directed to Shareholder Relations Unit, excluding undisclosed information that is considered confidential and trade secret, are responded either via phone or in written by obtaining information from the highest authority of related subject. As explained in 9th Section of this report, every kind of information and statement, which may affect the use of shareholders' rights are included on the website. With the intent of extending the shareholders' rights to obtain information and enable them to exercise their rights in an accurate way, up-to-date financial statements as well as necessary information and documents are provided on the Company's website (www.arcelikas.com.tr) both in English and in Turkish. During the 2012 period, oral or written information requests addressed by the shareholders have been responded orally or in written without discrimination among shareholders within the frame of Capital Markets Legislation. In 2012, Arçelik A.Ş. has carried out

transactions on behalf of 96 shareholders, who had not received their dividends and had not participated in capital increases in previous years.

Under the PDP system, material event disclosures required to be submitted to the ISE along with financial statements and other company information are submitted in an electronic environment with electronic signatures. Notwithstanding that the Company Articles of Association do not include any provisions regarding the right to demand special auditor as an individual right, as per 438th Article of Turkish Commercial Code, each shareholder, in case it is necessary for being able to exercise the shareholder right and if the right for obtaining or evaluating information had been exercised previously, may demand general assembly to clarify specific matters through with a special audit even if it is not included in the agenda. The company has also not received such a request during the period. In addition, the operations of Arçelik A.Ş. are periodically audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, an independent auditing firm (A member firm of Ernst & Young Global Limited), as well as by auditors elected during General Shareholders' Meetings.

4. General Shareholders' Meetings

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

In addition the announcements of General Shareholders' Meetings and announcements and disclosures, which are required by the applicable legislation, the following matters are notably announced to our shareholders on our Company's website as well:

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

Concerning the fulfillment of the obligation stipulated in paragraph (c), résumés of individuals who shall be nominated for the Board of Directors; their employment history for the past ten years and reasons for leaving their prior employment; the nature and prominence of their relationships with the company and the company's affiliates whether they can be considered independent or not, and in the event that these individuals are elected as members of the Board of Directors, any similar concerns which would have an impact on the company's operations are shared with the public within one week of the announcement of the general shareholders' meeting.

All shares of the company's capital stock are nominative.

An informative document regarding the agenda items shall be prepared and disclosed to the public on the company's corporate website prior to the general shareholders' meeting. General Shareholders' Meetings are held open to the public, including stakeholders and members of the media, provided that they do not have the right to speak at the meeting as per Company's Articles of Association.

The Company has held one General Shareholders' Meeting within 2012. During the Ordinary General Shareholders' Meeting, which was held on March 29, 2012, during which the Company's 2011 operations were discussed, 51,431,646,022 shares (76.11%) of 67,572,820,500 shares, which is the total of Company's capital, were represented. Company's shareholders (either in person or by proxy), stakeholders and members of media attended the meeting. Representatives from several intermediary institutions and banks providing settlement and custody services also attended the meeting as observers. Most of the shareholders' questions were answered during the meeting; however, in cases when the question being asked was not related to the agenda or was too complicated to be answered during the meeting, the answers thereto were required to be provided in writing within 30 working days following the date of the meeting, at the latest.

- According to the Articles of Association, the General Shareholders' Meeting shall be announced at least three weeks in advance in two national newspapers, in the Turkish Trade Registry Gazette, and on the company's corporate website in an effort to reach the highest possible number of shareholders.
- All announcements comply with Corporate Governance Principles.
- Starting with the invitation date of the General Shareholders' Meeting, financial statements and reports, including the annual report, the proposal for dividend distribution, information on the agenda of the General Shareholders' Meeting, supplementary documents pertaining to the agenda, the current Articles of Association, the text and reasons of amendments, if any, to the Articles of Association are all made available to shareholders at the company headquarters and on the company's corporate website for the convenience and open review of shareholders.
- The company prepares a clear agenda of the General Shareholders' Meeting to avoid any ambiguities and misunderstandings. Such information consists of references and citations pertaining to the agenda items to be discussed.
- Specimen powers of attorney are announced and posted on the company's corporate website for shareholders represented by proxy.
- Voting procedure is announced prior to the meeting and shareholders are duly informed via the company's corporate website.

- During the General Shareholders' Meeting held on March 29, 2012, the company did not receive any requests from shareholders for any additional items to be included on the agenda.

Any significant amendment is not planned in the company's management or operational organization in the coming future. In case of such amendment, this will be disclosed to the public within the frame of related legislation.

General Shareholders' Meetings are conducted with minimum costs and simplest method and as not to cause inequality among shareholders. By facilitating the participation of shareholders residing both in the country and abroad, they are enabled to participate in General Shareholders' Meetings.

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

The company makes every effort to hold its General Shareholders' Meeting close to the city center for greater participation and convenience. The number of participants is tracked annually and the meeting venue is designated according to the number of participants. The Ordinary General Shareholders' Meeting was held on March 29, 2012 at the following address: Divan Istanbul Elmadağ, Asker Ocağı Caddesi, No: 1 34367 Şişli, İstanbul". The location of the General Shareholders' Meeting was easily accessible to all shareholders. Invitations to the General Shareholders' Meeting are issued by the Board of Directors according to the provisions of the Turkish Commercial Code (TCC), Capital Market Law and the Articles of Association. Resolutions made by the Board of Directors for the convention of General Shareholders' Meetings are shared with the public via disclosures filed with the ISE.

As per the regulations of CMB, it is obligatory to disclose financial statements to the public within 14 weeks after the end of accounting period. However, Arçelik A.Ş. always discloses its financial statements much earlier than this deadline. The financial statements for 2012 year-end were disclosed during the seventh week. Following the disclosure of financial results, preparations for General Shareholders' Meeting is started and General Assembly is conducted upon the finalization of required legal procedures. This year's General Assembly will be conducted within three months after the accounting period. During the General Shareholders' Meeting, subjects included in the agenda are conveyed to shareholders in detail and fairly with a clear and understandable method. A proper discussion environment is created where shareholders are provided with equal opportunities to express their opinions and raise questions. For the featured subjects included in the agenda, related board members, related other persons, authorized persons and auditors who are responsible for preparing the financial statements participate in General Shareholders' Meetings in order to answer the questions and provide necessary information.

The shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the company's Board of Directors and top managers.

General Assembly is informed about operations performed, if any, relying on the authorization, which has been obtained to execute the operations included in the activity field of the Company within the scope of 334th and 335th Articles of former Turkish Commercial Code, granted to the Board of Directors at the previous General Assembly.

Shareholders who registered to the General Assembly Blockage List of Central Registry Agency (CRA) may attend to General Shareholders' Meeting to express their opinions on the activities of the Company and may address their question to the Company Management to obtain information. At the General Assembly, votes of shareholders on the agenda subjects are recorded in the minutes of meeting. Each agenda topic is voted separately at the meeting. The General Assembly has concluded under the supervision of a Commissioner from the Ministry of Science, Industry and Technology.

General Assembly is informed about donations and aids which are made by the Company to foundations and associations for social relief with a separate agenda topic. At the 2012 Ordinary General Assembly information on the donations and aids made in 2011 year has been provided with a separate agenda topic and there was no amendment related to the donation policy of the Company.

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

5. Voting and Minority Rights

The voting procedures at the General Shareholders' Meetings are announced to shareholders at the beginning of the meeting. Applications, which cause inconvenience for the exercise of voting right, are avoided in the Company and each shareholder, including residing abroad, is provided with the opportunity to exercise his/her voting right in the most appropriate and convenient manner.

The company's Articles of Association does not include any special voting privileges. Each share has one voting right. Any legal entity, which is the affiliate of Arçelik A.Ş. does not exist among the Company's shareholders. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy.

Shareholders representing the minority rights compose the Management together with majority shareholders by their participation at General Assembly. In 2012, our company has not received any criticism or complaint concerning this issue.

6. Dividend Rights

In the distribution of dividend, a balanced and consistent policy is followed between the interests of shareholders and company in accordance with Corporate Governance Principles. The dividend distribution policy for 2012 and following years has been determined as "the long-term average of the dividend to be distributed, which shall be submitted by the Board of Directors to the approval of the General Assembly, shall not be less than 50% of the company's annual distributable income, within the bounds of the existing legislation and investment requirements of the company". Dividend

distribution policy of the Company is included in the annual report and posted on the company's corporate website.

The company's profit distribution process is carried out in accordance with TCC (Turkish Commercial Code) and CMB, within statutory periods. At March 29, 2012 dated Ordinary General Assembly, it has been decided to distribute gross dividend rate at the rate of 44.397% (net 40.056%) based on 2011 financial results and as of April 5, 2012 dividend distribution has started. The Articles of Association do not grant any privileges regarding profit sharing.

According to the Company's Articles of Association, the Board of Directors may distribute dividends in advance, provided that it is authorized by the General Assembly and complies with the Capital Markets Law and related regulations of the CMB. The authority of advance dividend distribution granted to the Board of Directors by General Assembly is limited with the year in which the authority is granted.

7. Transfer of Shares

The Articles of Association do not include any provisions which obstructs the free transfer of shares and restricting the transfer of shares.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Disclosure Policy

Company's Information Disclosure Policy

The Information Disclosure Policy, which is prepared for public disclosure, was submitted for shareholders' information at March 25, 2009 dated Ordinary General Assembly and posted on the Company's website.

Information disclosure policy is updated within the framework of new regulations and is submitted for shareholders' information at each General Assembly with a separate agenda topic.

Purpose

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

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

Authority and Responsibility

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

Methodology and Tools

Arçelik A.Ş. has identified the following methodology and tools to be used while determining its public disclosure and information disclosure policy within the frame of Capital Markets Legislation and the provisions of ISE and TCC:

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

Material Event Disclosures

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

Public Disclosure of Financial Statements

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

Annual Reports

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

Corporate Website

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

- Detailed information on corporate identity
- Vision and main strategies
- Information about the members of the Board of Directors and Top Managers
- Important resolutions made by the Board of Directors
- Organizational chart and partnership structure
- Articles of Association

- Trade registry information
- Financial data, indicators and analysis reports
- Press releases
- Material Event Disclosures
- Share performance data, charts and calculators
- Investor presentations
- Analyst details and reports assessing the company
- Dates and agendas of General Assembly and comments on agenda items
- Minutes of General Shareholders' Meetings and lists of attendees
- Power of attorney specimen
- Corporate governance practices and corporate governance compliance reports
- Dividend distribution policy and history; capital increases
- Public disclosure policy
- Frequently asked questions
- Detailed information on corporate social responsibility
- Codes of conduct disclosed to the public within the framework of the information disclosure policy

Announcements and Disclosures Published in the Turkish Trade Registry Gazette and Daily Newspapers

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

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

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

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

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

Corporate Communications Unit of Arçelik A.Ş. delivers all written press releases that were delivered to the visual and print media to data distribution companies such as Reuters, Forex, Bloomberg etc. as well. Those press and media organizations, whose news reports and editorials are appropriate to attend the organized press conferences, are invited.

Investor and Analyst Meetings

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

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

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

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

Explanations for Forward-Looking Statements

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

News and Rumors about the Company

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

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

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

False News and Rumors

As a matter of principle, Arçelik A.Ş. does not comment on any news which is not issued by the company or that appears to be gossip, rumor and/or false. However, a statement may be made for this kind of rumors if deemed necessary to protect the benefits of Arçelik A.Ş. and its investors.

News Regarding the Information Postponed for Disclosure

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

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

Measures for the Protection of Inside Information until Public Disclosure

Other parties who are in relationships with the employees of Arçelik A.Ş. having access to inside information, during the emergence of a situation where a material event disclosure has to be made and within the period of time from the emergence of that situation until the disclosure made to ISE, are informed of their obligation for protecting the privacy of such information.

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

If the public disclosure of such information is postponed, a list is drawn up that includes the names of those individuals who have access to the information at the time of postponement, and “Arçelik’s List of Persons Having Access to Inside Information” is updated accordingly. The necessary work is performed to inform both these persons and the other parties accessing to the inside information, and reasonable measures are taken.

Criteria Used to Determine People with Administrative Responsibility

Administrative staff who are privy to inside information are determined according to the scope of the information to which they have access. Accordingly, managers and employees who are privy to detailed information about only a certain portion of the company’s business activities shall not be considered as people who have access to inside information.

However, Board Members, General Manager and Assistant General Managers who have detailed information about entire company and not only the current but also the future plans of the company and some top managers who mostly work at the headquarters, are considered as the personnel who have access to inside information. The list prepared based on this criteria is disclosed to the public in accordance with the provisions of the relevant communiqués issued by the CMB.

Ensuring Confidentiality of Information Subject to Public Disclosure

In maintaining the balance between providing transparency and protecting the interests of the company, employees are urged to follow the rules regarding the use of

inside information. All the necessary measures and precautions are taken for the prevention of insider trading.

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

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

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

The designations and appointments, which were carried out in 2012 and have been disclosed to the public through material event disclosures, for the Company’s Board of Directors and Top Managers, are as follows:

Board of Directors

Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Semahat S. Arsel	Board Member
Ömer M. Koç	Board Member
Ali Y. Koç	Board Member
O. Turgay Durak	Board Member
Robert Sonman	Board Member
Levent Çakıroğlu	Board Member
Kutsan Çelebican	Board Member (Independent)
Tunç Uluğ	Board Member (Independent)
Davut Ökütçü	Board Member (Independent)
Mehmet Barmanbek	Board Member (Independent)

Board of Auditors

İnanç Kiraz
İbrahim Murat Çağlar

The Members of the Board of Directors and Board of Auditors were elected by the resolution made during the Ordinary General Meeting held on March 29, 2012.

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

Audit Committee

Kutsan Çelebican	Chairman
Davut Ökütçü	Member

Corporate Governance Committee (Including the tasks of Candidate Nomination Committee and Compensation Committee)

Tunç Uluğ	Chairman
Mehmet Barmanbek	Member

Risk Management Committee

Mehmet Barmanbek	Chairman
O.Turgay Durak	Member

Executive Committee

Rahmi M. Koç	Chairman
Mustafa V. Koç	Member
Semahat S. Arsel	Member
Ömer M. Koç	Member
Ali Y. Koç	Member
O. Turgay Durak	Member

Top Management

Levent Çakıroğlu	General Manager
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager, Sales - Turkey, Middle East, Africa and Turkic Republics
Tülin Karabük	Assistant General Manager, Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager, Sales - Europe, America, Asia-Pacific
Cemal Şeref Oğuzhan Öztürk	Assistant General Manager, Purchasing and Supply Chain

Levent Çakıroğlu General Manager

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

İsmail Hakkı Saęır

Assistant General Manager, Production and Technology

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

Dr. Fatih Kemal Ebiçlioęlu

Assistant General Manager, Finance and Accounting

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

Şirzat Subaşı

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

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

Tülin Karabük

Assistant General Manager, Marketing

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

Hakan Hamdi Bulgurlu

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

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

Cemal Şeref Oęuzhan Öztürk

Assistant General Manager, Purchasing and Supply Chain

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

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

Information requests received from outside the company are answered, depending on the content of the specific request, either by senior management or by the

Shareholders Relations Unit, provided that it is within their knowledge and prerogative.

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

Purchase and sales transactions performed by the Company's Board Members, Top Managers and Shareholders, who directly or indirectly own 5% share of the company's capital, through the capital market instruments of the Company are disclosed to the public and posted on the company's website in accordance with the Capital Markets Legislation.

Annual reports are prepared in accordance with Capital Markets legislation and regulations of the CMB.

Arçelik A.Ş. has made 20 material event disclosures in 2012. There were no requests for additional explanations from the CMB and/or ISE regarding the material event disclosures made in 2012. Arçelik A.Ş. has not been required to make any material event disclosures other than those made to the ISE since it does not have any capital market instruments listed on any foreign stock exchanges. The company has made all of its material event disclosures in 2012 within the period of time required by law and therefore the Company has not been subject to any sanctions by the CMB.

9. Corporate Website

Arçelik A.Ş. uses its corporate website (www.arcelikas.com.tr) actively in order to communicate more effectively and rapidly with its shareholders, in accordance with CMB's Principles. The information posted at www.arcelikas.com.tr is updated regularly. The information posted at the company's website is the same as and/or consistent with the material event disclosures made in accordance with the applicable laws. They are complete and do not contain any contradictory information.

In addition to the information required to be publicly disclosed by the applicable laws, the company's website provides the following information: trade registry information, the latest partnership and management structure, the notification that the company has not issued any preferred shares, the latest version of the company's Articles of Association together with dates and numbers of the Turkish Trade Registry Gazettes that contain the amendments made; material event disclosures, financial statements annual reports, prospectuses and IPO circulars, agendas of General Shareholders' Meetings and list of attendants and minutes, proxy voting form, dividend distribution policy, public disclosure policy, ethical rules of the company and answers to frequently asked questions. Accordingly, such information for the last five years is available on the company's website.

The company's website is provided both in Turkish and English in compliance with the content and design required by CMB's Principles. It is the responsibility of the

Shareholder Relations Unit to prepare, update and contribute to the content posted on the Investor Relations section of the company's website. Arçelik A.Ş. makes every effort to provide visitors of its corporate website with better service. The company has accordingly renewed its website in 2011.

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

10. Annual Report

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

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

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

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

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

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

In case Company's Top Managers who have access to the information that may affect the value of capital market instruments perform purchase and sales transaction

through the capital market instruments of the company, these transactions are disclosed to the public and also posted on the company's website.

The List of Persons Having Access to Inside Information is as follows:

Name and Surname	Job Title
Rahmi M. Koç	Chairman of the Board
Mustafa V. Koç	Vice Chairman of the Board
Semahat S. Arsel	Board Member
Ömer M. Koç	Board Member
Ali Y. Koç	Board Member
O. Turgay Durak	Board Member
Robert Sonman	Board Member
Levent Çakıroğlu	Board Member-General Manager
Kutsan Çelebican	Board Member-Independent
Tunç Uluğ	Board Member-Independent
Davut Ökütçü	Board Member-Independent
Mehmet Barmanbek	Board Member-Independent
İnanç Kiraz	Auditor
İbrahim Murat Çağlar	Auditor
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager, Sales - Turkey, Middle East, Africa and Turkic Republics
Tülin Karabük	Assistant General Manager, Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager, Sales - Europe, America, Asia-Pacific
C. Ş. Oğuzhan Öztürk	Assistant General Manager, Purchasing and Supply Chain
Ali Tayyar	Accounting Director
İhsan Somay	Accounting Director
Sibel Kesler	Budget, Reporting and Analysis Director
Doğan Korkmaz	Finance Director
Ertuğrul Evren	Accounting Manager
Özkan Çimen	Price and Cost Analysis Manager
Kemal Ersalıcı	Accounting Specialist
Erhan Yorulmaz	Accounting Specialist
Erdiñ Ayan	Accounting Staff Member
Sevinç Tayfur	Accounting Staff Member
Alparslan Görgülü	Tax and Incentive Application Manager
Enis Atasoy	Consolidation Specialist
Hanife Sert	Consolidation Specialist
Gül Arslanoğlu	Budget Manager
Nilüfer Bayrak	Budget and Planning Specialist
Hande Sarıdal	Treasury Manager
Levent Arasiler	Financial Markets Specialist
Hümeyra Özener	Reporting Manager

Burcu Bekar Ünübol	Reporting Specialist
Ayşe Beril Başlıgil	Reporting Specialist
Bülent Alagöz	Capital Markets Regulation Compliance Manager
Turhan Sarı	Capital Markets Regulation Compliance Specialist
Fulya Kırayoğlu	Investor Relations Specialist
Ahu Özlen	General Manager Assistant
Hande Güniçen	Business Analyst
Ertan Ayhan	Independent Audit Firm Engagement Partner, Lead Auditor
Mehmet Can Altıntaş	Independent Audit Firm Staff Member
Tolga Koyuncu	Independent Audit Firm Staff Member
Yasin Sunter	Independent Audit Firm Staff Member
Fatih Ekşi	Independent Audit Firm Staff Member
Merve Tokdemir	Independent Audit Firm Staff Member
Furkan Çavuşoğlu	Independent Audit Firm Staff Member
Ahmet Feridun Güngör	Certified Public Accountant-Partner
Onur Elele	Certified Public Accountant-Senior Manager (Tax)
Sercan Bahadır	Certified Public Accountant-Senior Manager (Customs Services)
Can Sözer	Certified Public Accountant-Manager (Tax)
İlter Oktay	Certified Public Accountant-Senior (Tax)

SECTION III: STAKEHOLDERS

11. Informing Stakeholders

Stakeholders are third parties who are directly involved with the Company. The company provides information to its stakeholders on matters of interest by organizing meetings or using teleconferences. Taking into account the fact that engagement stakeholders would provide long-term benefits to the company, Arçelik A.Ş. respects the rights of its stakeholders that are protected by laws, mutual arrangements and contracts. The corporate governance structure of Arçelik A.Ş. allows all its stakeholders, including employees and representatives, to communicate their concerns regarding illegal or unethical practices to the company's top management. Evaluating the complaints received by the Company is among the tasks of Audit Committee. Furthermore Internal Audit Department also evaluates the complaints.

Composing the dealership organization of the Company, nearly 3,100 dealers constitute a major stakeholders group that is directly in relation with the Company. Arçelik A.Ş. holds regular "Dealer Meetings" throughout the year to keep its dealers up-to-date on company policies, targets and recent economic developments as well as to create a more effective system by listening to the dealers' problems and concerns. Besides there are approximately 4,000 suppliers providing indirect materials, services and capital goods, 1,500 of which are direct material suppliers consisting the 90% of our total purchase amount, and these are directly in relation with the Company. Arçelik A.Ş. shares the business results achieved during the previous year and the company's strategies, policies, targets and expectations for the current year with its suppliers by organizing supplier meetings, visits, and inspections and through the supplier portal.

Employee relations, which are managed by collective bargaining, are carried out through meetings organized with union representatives. Arçelik A.Ş. is the member of Metal Industrialists Union (MESS) and the blue-collar employees of the Company are the members of Turkish Metal Union. Within November, 2010, MESS and Turkish Metal Union concluded a Collective Bargaining Agreement effective from September 1, 2010 to August 31, 2012. Negotiations for the Collective Bargaining Agreement covering the period from September 1, 2012 to August 31, 2014 started on January 9, 2013.

12. Stakeholders' Participation in the Company's Management

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

Participation of stakeholders in management is provided by instruments such as proposals and surveys. Arçelik A.Ş. involves the workers' union in its decision-making processes and obtains their approval before implementing operational changes that concern such issues as working conditions, work environment and employee benefits. Arçelik A.Ş. also encourages its dealers, who are in close contact with the company, to participate in the company's management by organizing "Dealers Meetings."

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

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

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

Arçelik Call Center, which since 1991 has maintained a high level of dialogue with its domestic customers and has strived to achieve high levels of customer satisfaction, has continued to expand its abroad call center services network since 2008 in order

move closer to its goal of becoming an international call center and has begun to provide pre- and post-sale call center services in Germany and Austria from Turkey for all brands.

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

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

One of most striking call center social responsibility projects of the previous year is the Home Agent Project. By implementing this project, Arçelik A.Ş. has offered employment opportunities not only to many young people with disabilities, but to those employees who prefer working from their home with a new working system.

Concentrating on CRM procedures in 2012, our call center has carried out various promotion and sales activities in cooperation with CRM Department for improving the current loyalty and provided an additional contribution to the turnover of the Company.

In 2012, Consumer Services under the Consumer Services Directorate provided field service with 11,800 personnel, nearly 5,500 of which were technicians and 5,600 vehicles at nearly 540 authorized service locations operating under the authority of 10 regional managements throughout Turkey. The technical staff is certified by the Technical Services and Training Division, which operates under the Consumer Services Directorate.

Authorized services provide nearly 11.5 million services annually for all the brands of Arçelik A.Ş. The ability to handle both the delivery and installation of a product with a single service call is one of the competitive advantages of the technical service.

13. Human Resources Policy

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

Human Resources Policy of Arçelik A.Ş. which had been determined in accordance with the strategies of the Company, common values and business ethics, has been documented and shared with the employees working in Turkey and in abroad affiliates.

Our fundamental principles which direct the Human Resources Policy are given below. In Human Resources practices, we act in line with these principles.

- There is a global-local balance in human resources systems and practices. As an international company, local laws, practices and requirements are respected. Local laws take precedence in situations where Human Resources Policies and Practices of Arçelik A.Ş. conflict with them.
- Human Resources Policy of Arçelik A.Ş. is fully aligned with the company's business strategies and also responds to future needs on top of current organizational requirements.
- All Human Resources Policies and Practices respect and support human rights and oblige the company to avoid any discrimination and create equal opportunities for its employees. Arçelik A.Ş. does not discriminate based on ethnic origin, race, nationality, disability, political affiliation, religion, age, gender or sexual orientation.
- Fairness, consistency and trust lies at the heart of all human resources practices implemented by Arçelik A.Ş.
- For the purpose of improving Human Resources Standards continuously, Human Resources Practices are revised systematically and regularly in light of latest developments and the feedback received.
- Arçelik A.Ş. ensures the confidentiality of its employees' personal information, as required by applicable laws.

Industrial Relations

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

Within the frame of Industrial Relations Policy, labor unions are not considered as adverse parties but as social stakeholders. Therefore, Arçelik A.Ş. always attaches great importance to be on good terms with labor unions and to act in concert. Providing better working conditions for the social stakeholders is an important goal of the Company. Accordingly, besides conforming to law social aids such as better working conditions, occupational health and safety, maternity, death, education and marriage supports are included in collective bargaining agreements and care is taken for their implementation.

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

- Arçelik A.Ş. employees receive four bonus payments every year,
- Fuel allowance,
- Special allowance before annual vacations,
- Special allowance before religious holidays,
- Monthly child allowance,
- Childbirth, marriage, death, military service and education allowances,

- Transportation and daily food allowances, which are offered in-kind,
- Annual leave entitlements, which are specified under collective bargaining agreements, irrespective of whether they are members of a labor union or not, Arçelik A.Ş. employees are entitled to annual leaves longer than those provided under the law.
- Starting positions and wages of union employees are determined based on the type of work they will perform according to the collective bargaining agreement.

The Collective Bargaining Agreement, which covers all Arçelik employees and is effective from September 1, 2010 through August 31, 2012, was signed in November 2010. Negotiations for the Collective Bargaining Agreement for the period between September 1, 2012 and August 31, 2014 have started on January 9, 2013.

Occupational Health and Safety

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

Arçelik A.Ş. Occupational Health and Safety Policy

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

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

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

In accordance with this policy, occupational health and safety is included as a criterion among other target criteria set for departments and individuals as part of the Performance Management System.

In 2012, the Industrial Accident Frequency Rate, which indicates the frequency of occurred occupational accident based on the total working time, has realized as 5.00 and the Industrial Accident Severity Rate, which indicates the working day loss occurred due to occupational accidents based on the total working time, has realized as 0.085.

Arçelik A.Ş. always provides guidance to its employees regarding occupational health and safety on a regular basis and encourages them to communicate among themselves and with their managers on issues related to occupational health and safety. In 2012, totally 38,116 man-hours of training on Occupational Health and Safety have been provided.

Adopting “zero occupational accident and zero occupational disease” target in terms of Occupational Health and Safety, Arçelik A.Ş. continues its efforts by involving employees at every level of the company and allocating the necessary resources to achieve desired targets.

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

The total number of domestic and overseas employees of Arçelik A.Ş. by 2012 year end is as follows:

Number of employees by 2012 year-end	Total
Turkey	14,787
Abroad	7,765
Arçelik Group	22,552

The average length of service and age of employees in Turkey is 8 years and 34, respectively.

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

In 2012, Arçelik A.Ş. provided its employees with 310,344 hours of training, which corresponds to 22 hours on average per employee. This indicates an increase of 6% in the number of hours devoted to training when compared to previous year.

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

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

An Employee Engagement Survey has been conducted in 2012. After sharing the Survey Results with the employees, Advisory Committees, which compose of project groups and top managers, have been established. It is expected that the project teams will perform swot analysis throughout the Company by creating annual project plans, will develop activity plan advices and will submit them for the opinion of Advisory Committees. In 2012, prioritized activities across the Company are as follows: providing personal development seminars across the Company for our blue-collar employees, strengthening the internal communication, extending the scope of advice system, launching internal announcement system for also our blue-collar employees after our white-collar employees, diversifying the social activities for the motivation. Monitoring the communication and efficiency of the activites for the employees is also among the action plans.

14. Ethical Rules and Corporate Social Responsibility

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

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

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

Arçelik has based its Code of Ethical Conduct on the abovementioned principles in order to provide its employees and others who represent the Company with a guiding document that would help them when making decisions. This Code of Ethical Conduct is disclosed to public in detail on our Company’s website.

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

In addition, Arçelik A.Ş. expects all of its stakeholders to comply with business ethics and all related policies.

Code of Ethical Conduct of Arçelik A.Ş. includes the following sections:

- Company-Employee Relations

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

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

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

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

Arçelik A.Ş. which performs its operations in full compliance with applicable laws, ethical standards and human rights, is one of the first companies to sign the Code of Conduct drafted by the European Committee of Domestic Equipment Manufacturers (CECED)*. The CECED Code of Conduct secures the subscribing company to achieve a sustainable performance concerning working conditions, environmental laws and standards which are regulated by international conventions.

Furthermore, Arçelik A.Ş. has its domestic and abroad production facilities audited by an independent audit firm within a program based on the criteria of BSCI (Business Social Compliance Initiative) and Sedex (Suppliers Ethical Data Exchange) Social Responsibility Organizations, widely accepted in EU and obtains compliance reports in consequence of these audits.

Arçelik A.Ş. has adopted an approach which focuses on protecting and preserving the environment and natural resources in cooperation with its partners both during production and non-production activities while at the same time developing and manufacturing innovative products. The company monitors the compliance of its operations with all domestic and international legal obligations, which call for the protection of the environment and human health. Arçelik A.Ş. regularly organizes training programs for its employees to extend the sentiment about the protection of environment and natural resources and combating with climate change and carries out projects with Public and Non-Governmental Organizations in Turkey to raise awareness of the public and maintains its support for carried out projects and efforts.

The Company carries out many different projects in the countries, where it operates, in the fields of education, sports, culture and art acting with the sense of “Sustainability”. Acting with corporate citizenship awareness, the Company provides the sustainability of the projects thanks to voluntarily supports of its employees and business partners. Accordingly, Arçelik A.Ş. develops programs and carries out numerous projects to contribute to the education of young people in different regions in which it operates. The policies and projects implemented by the Company are included in the explained in the “Corporate Social Responsibility” section of the Annual Report.

As an extension of its sustainable development approach, Arçelik A.Ş. publishes an annual “Sustainability Report” including its activities carried out in the fields of management, economy, public and environment.

Arçelik A.Ş. 2008-2009 Sustainability Report is the first of its kind in Turkey and in its industry to comply with GRI (Global Reporting Initiative) G3 principles. The Company raises the bar every year with the quality of its sustainability reports. After 2010 Sustainability Report, Arçelik A.Ş. also prepared its 2011 Sustainability Report at the level of GRI “B+” in accordance with GRI G3 Principles.

Arçelik A.Ş. shares its Annual Report and Sustainability Reports with the public through its corporate website at www.arcelikas.com.tr address.

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

SECTION IV: BOARD OF DIRECTORS

15. Structure and Formation of Board of Directors

As per the Articles of Association, the activities of the Company are carried out by a Board of Directors that compose of at least five members who will be elected with the resolution of General Assembly within the framework of Turkish Commercial Code and the regulations of Capital Markets Board. The General Manager of the Company can be elected as Board Member. March 29, 2012 dated General Assembly of the Company has taken a resolution that the Board of Directors shall compose of 12 members together with 4 independent members.

In accordance with the Structure of Board of Directors regulation included in the 4.3 Article of Capital Markets Board’s Corporate Governance Principles, arrangements that are required for including independent members in the Board of Directors, have been accepted at March 29, 2012 dated General Assembly by making necessary amendments in the Articles of Association.

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

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

Board Members

Name and Surname	Executive or Non-Executive	Independency	Appointment Date	Duty Period	Tasks Within Board of Directors and Committees
Rahmi M. Koç	Non-Executive	Not Independent	29.03.2012	1 year	Chairman of the Board Chairman of Executive Committee
Mustafa V. Koç	Non-Executive	Not Independent	29.03.2012	1 year	Vice Chairman of the Board Member of Executive Committee
Semahat S. Arsel	Non-Executive	Not Independent	29.03.2012	1 year	Board Member Member of Executive Committee
Ömer M. Koç	Non-Executive	Not Independent	29.03.2012	1 year	Board Member Member of Executive Committee
Ali Y. Koç	Non-Executive	Not Independent	29.03.2012	1 year	Board Member Member of Executive Committee
O. Turgay Durak	Non-Executive	Not Independent	29.03.2012	1 year	Board Member Member of Executive Committee Member of Risk Management Committee
Robert Sonman	Non-Executive	Not Independent	29.03.2012	1 year	Board Member
Levent Çakıroğlu	General Manager	Not Independent	29.03.2012	1 year	Board Member
Kutsan Çelebican	Non-Executive	Independent	29.03.2012	1 year	Board Member Chairman of Audit Committee
Tunç Uluğ	Non-Executive	Independent	29.03.2012	1 year	Board Member Chairman of Corporate Governance Committee
Davut Ökütçü	Non-Executive	Independent	29.03.2012	1 year	Board Member Member of Audit Committee
Mehmet Barmanbek	Non-Executive	Independent	29.03.2012	1 year	Board Member Member of Corporate Governance Committee Chairman of Risk Management Committee

Within the scope of 334th and 335th Articles of Turkish Commercial Code, the approval regarding the Board Members to carry out the activities which are included in the company's field of activity on their own or behalf of others and to participate in the companies that carries out such activities has been obtained at March 29, 2012 dated General Assembly.

Tasks of Board Chairman and General Manager are performed by two different persons. The Company pays attention that the Board Members have enough time to deal with the Company's activities; however there is no restriction for them to handle other task or tasks apart from the Company. Especially since the business experiences and sector specific knowledge of independent members have a significant contribution to the Board of Directors, such restriction is not deemed necessary. Prior to General Assembly, personal background as well as previous positions of the member is submitted for shareholders' information.

In our Company tasks of Candidate Nomination Committee are carried out by Corporate Governance Committee. The number of independent member candidates offered for 2012 General Assembly to Corporate Governance Committee was 7 and independency statements and personal backgrounds of these persons were evaluated

at February 13, 2012, February 28, 2012 and March 14, 2012 dated meetings of Corporate Governance Committee and February 13, 2012, February 29, 2012 and March 14, 2012 dated meetings of the Board of Directors and it has been decided to determine all of them as candidates for independent membership. For 4 members (Kutsan Çelebican, Tunç Uluğ, Davut Ökütçü and Mehmet Barmanbek) from among 7 candidates, the permit was obtained with March 6, 2012 and March 27, 2012 dated letters of Capital Markets Board and these 4 candidates were elected as independent members for 1 year at March 29, 2012 dated General Assembly. As of 2012 accounting year, no situation has occurred for violation of the independency.

Following the March 29, 2012 dated General Assembly at which the Board Members were elected, Chairman and Vice Chairman of the Board were determined by taking a decision on assignment of duties.

All members composing the Board of Directors have carried out duties in various sectors as professionals for many years and have huge experiences in the sector in which the Company operates. The Company benefits from the vast knowledge and experience of the Board Members at the highest level. Board Members can express and present their opinions freely without any prejudice.

In compliance with Corporate Governance Principles, the Board of Directors of Arçelik A.Ş. includes Ms. Semahat S. Arsel as the woman member.

The personal backgrounds of General Manager, a Board Member and other Board Members are included in “2012 Board of Directors” section of 2012 Annual Report.

16. Principles of Activity of the Board of Directors

As indicated in Company’s Articles of Association, the Board of Directors holds meeting only when it is required for the activities of the Company. However it is mandatory that at least four meetings shall be held in a year. On demand of the Chairman or two of the members, it is mandatory that the Board of Directors’ meeting shall be held.

Different opinions expressed in the meetings of Board of Directors and reasons for counter votes are registered in decision record. Detailed reasons of the members who voted against are disclosed to the public. In the Board of Directors, each member has one voting right. However, in the meetings of the Board of Directors held in 2012, no disclosures on this matter have been made to public since there was no such opposition or expressed different opinion.

Within 2012 year, all related party transactions and transaction principles have been collectively submitted to the Board of Directors. With the consent of all of our independent board members, it has been decided that the changes in the conditions of abovementioned transactions or the related party transactions with lump sum of over TL 20 million and in prevalent and continuous transactions that will reach to the amount of TL 50 million within an accounting year that will be performed after the resolution of the Board of Directors shall be submitted for the Board of Directors approval and for all related party transactions that will be under these limits shall be performed according to the decisions taken by the Company’s Management. During

2012, any related party transactions, which shall be submitted for General Assembly's approval since it has not been approved by the independent members, or any significant transactions have not been performed.

The Agenda of the Board of Directors are determined by the notification of matters that it is clearly decreed to be concluded by the resolution of the Board of Directors within the Company's Article of Association, made by related departments to Company's Top Management and the Board Members. In addition, the Agenda of the Board of Directors are also determined by the notification of any Board Member made to the Top Management of the Company about taking a decision on a matter of high concern. The subjects desired to be discussed in the meeting of the Board of Directors are collected at the department of Assistant General Manager, Finance and Accounting and the agenda is determined by consolidation.

Arçelik A.Ş. has appointed Assistant General Manager, Finance and Accounting for determining the agenda of Board of Directors' Meetings, issuing resolutions of Board of Directors, informing Board Members and providing communication.

The meetings of the Board of Directors are held in the headquarters of the Company or in a suitable place where the headquarters are located. Significant resolutions of the Board of Directors are announced to the public by Public Disclosure Platform (PDP) and are posted on Company's website in both Turkish and English.

Arçelik A.Ş. has subsidiaries and affiliate companies. Since we believe that it will be for the benefit of the Company, to have the Board Members manage these companies, there are no restrictions on this matter.

The authorities and responsibilities of Company's Board Members are clearly determined in the Articles of Association. Authorities are included in the Company's signatory circular in more detail. These documents are available in authorized bodies specified by Law as well as on the Company's website.

The Board of Directors takes a leading part in maintaining efficient communication among shareholders, settling and resolving disputes and for this purpose the Board of Directors works in close cooperation with Corporate Governance Committee and Shareholders Relation Unit.

17. The Number, Structure and Independency of the Committees Established Under the Board of Directors

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

In the election of members of committees established after March 29, 2012 dated Ordinary General Assembly, the provisions specified in 4.5th Article of CMB's new Corporate Governance Principles were followed.

The Audit Committee in charge of ensuring reliable fulfillment of duties and responsibilities of the Board of Directors was established. The Audit Committee

carries out its activities in compliance with Capital Markets Legislation and CMB's Corporate Governance Principles. All members of the Audit Committee have been elected from among independent board members. This Committee was composed of 2 members and Kutsan Çelebican has been appointed as the Chairman and Davut Ökütçü has been appointed as the member. An in-house Audit Committee has been established for the purpose of auditing the operation of accounting and reporting systems to be in compliance with related law and regulations, public disclosure of financial statements, the operation and efficiency of internal audit system has held 4 meetings in 2012 for evaluating the financial statements.

In accordance with the Corporate Governance Principles issued by Capital Markets Board, an in-house Corporate Governance Committee has been established for the purpose of monitoring the compliance of the Company, performing activities for improving the compliance and providing advices to the Board of Directors. Tasks of Candidate Nomination Committee and Compensation Committee are also carried out by Corporate Governance Committee. All members of this Committee were selected from among the independent board members. Tunç Uluğ has been appointed as the Chairman and Mehmet Barmanbek has been appointed as the member. In-house Corporate Governance Committee has held 8 meetings in 2012.

From among the independent members, Mehmet Barmanbek has been elected as the Chairman and O. Turgay Durak has been appointed as the member of Risk Management Committee which has been established for the purpose of early detection and evolution of strategic, operational, financial and all other miscellaneous risks that may affect our Company, calculating the effects and probabilities, managing these risks in accordance with the Company's corporate risk taking profile, reporting, considering in decision-making mechanisms and accordingly providing advices and suggestions to the Board of Directors for creating and integrating efficient internal control systems. In 2012, the Risk Management Committee has held bimonthly meetings.

The activities of Investment and Business Development Committee, which had been established for the purpose of creating ideas and strategies within the company, providing coordination between related departments and accordingly offering advices and suggestions to our Board of Directors on designing and planning new projects and investments by determining featured fields in the sectors in which our Company carries on its activities and monitoring the management of approved strategies and projects, were expanded for supporting the Board of Directors in every field and its name has been changed as Executive Committee with the April 26, 2012 dated Resolution of Board of Directors. Rahmi M. Koç has been appointed as the Chairman and Mustafa V. Koç, Semahat S. Arsel, Ömer M. Koç, Ali Y. Koç and O. Turgay Durak have been appointed as the members. The Executive Committee has held 7 meetings during 2012.

The duties, operation principles and the members of these committees were disclosed to the public by posting on the Company's website (www.arcelikas.com.tr).

18. Risk Management and Internal Control Mechanism

The Board of Directors of Arçelik A.Ş. carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors elects a Chairman and Vice Chairman from among its members. In addition, Chairman and Member election is performed for the Committees of the Board of Directors. Furthermore the General Manager is the executive board member.

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

The Risk Management Committee, whose members were selected from among the members of the Board of Directors, has held bimonthly meetings in 2012. The Risk Management Committee provides advices and suggestion to the Board of Directors for early detection and evolution of strategic, operational, financial and all other miscellaneous risks that may affect our Company, calculating the effects and probabilities, managing these risks in accordance with the Company's corporate risk taking profile, reporting, considering in decision-making mechanisms and accordingly creating and integrating efficient internal control systems.

Risk management cannot be considered separately from business process management. Accordingly, risk management is carried out in-house as much as possible, rather than being outsourced to other companies or consultants. Therefore, one of the key responsibilities of process owners is to manage the associated risks. The Risk Management Committee determines which procedures will be implemented in tandem with business processes that are associated with main risk groups, in accordance with the assessments and resolutions made by the Board of Directors concerning strategic risks. Process managers then implement the procedures by making them an integral part of their routine workflows.

For the purpose of creating a solid internal control mechanism, an Internal Audit Management has been created within the body of Assistant General Manager, Finance and Accounting Department. The Audit Committee continuously audits the operation and efficiency of the system by obtaining information from Internal Audit Management at the meetings performed within the year and when necessary conveys the issues and solution suggestions related to risk management and internal control mechanism to the Board of Directors.

19. Strategic Targets of the Company

The Board of Directors of Arçelik A.Ş. keeps the risk, growth and return equilibrium of the Company at an optimum level through the strategic decisions taken and manages and represent the Company by primarily looking after the Company's long-term interests with a smart and cautious risk management approach.

The Board of Directors determines the strategic targets of the Company, identifies the needed human and financial resources and audits the performance of management.

The Board of Directors audits the compliance of the Company's activities with legislation, Articles of Association, internal regulations and created policies.

Mission and Vision as well as Main Business Targets of Arçelik A.Ş. are indicated below.

The mission of Arçelik A.Ş. is to develop, manufacture, offer and provide products, which meet the customer needs by going beyond their expectations, make life easier and which are affordable, user-friendly and reliable, to provide after-sales services and continuously develop and grow in target markets by ensuring the satisfaction and long-term loyalty of the customers and employees and utilizing the resources in most efficient manner and meeting the expectations of stakeholders in line with corporate values, targets and strategies of Koç Group.

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

The Company's main business goals are as follows:

- Realizing sustainable growth
- Being brand, market and customer oriented
- Improving the capabilities for offering pioneering, innovative and green products and solutions to provide added value for customers.
- Perpetuating the profitability level that will enable sustainable growth
- Developing global organization and capabilities by managing the differences

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

As per the Company's Articles of Association, during the Board Meetings, which are held periodically, Company's targets and performed activities are followed as also covering previous period performances. The current situation of the Company is revised and in case it is deemed necessary in consequence of current situations, new targets and strategies are developed.

20. Financial Rights

Covering every kind of right, interest and remuneration, which are provided to the Board Members and top managers and the criteria and remuneration policies that are used to determine these, the Remuneration Policy for the Board Members and Top Managers of our Company has been submitted to the examination of our shareholders on our website through the Information Document issued three weeks prior to March 29, 2012 dated Ordinary General Assembly and put into practice upon the approval of the General Assembly. Payments made within the framework of Remuneration Policy for the Board Member and Top Managers are evaluated by Corporate

Governance Committee and the Board of Directors. In the footnotes of our financial statements, the payments made to the Board Members and top managers collectively are announced to the public in parallel with common practices. There is no transaction that may cause conflict of interest such as granting loans and credits to our Board Members or managers, giving guarantees in favor of them, apart from the advance payments given within the Company's internal regulations.

As per Company's Articles of Association, rights that will be granted to the Board Members are concluded at General Assembly. At March 29, 2012 dated General Assembly, providing monthly salaries to the Board Members was approved by shareholders. Accordingly, the Chairman of the Board and Board Members are entitled to a gross monthly salary of TL 10,000. Furthermore, Executive Member General Manager is compensated with performance based salary system. Stock options or payment plans based on Company's performance are not used for the compensation of Independent Board Members.