

Corporate Social Responsibility Approach

The companies as well as individuals, governments and non-governmental organizations (NGOs) must do their share in using the globe's limited resources more cautiously in order to cultivate and sustain these resources. Hence, the company takes on the responsibility in the company's operations of leaving a more habitable world to younger generations.

The company's concept of corporate social responsibility entails principles of accountability for “Sustainable Growth” with sensitivity towards the environment and society and with operations completely compatible with laws, moral values and human rights.

The Company draws strength from the belief of our founder, the late Vehbi Koç, who said that “I exist as long as our country exists.” Therefore, the company strives to fulfill its responsibilities together with employees and business partners.

Arçelik A.Ş. publishes a yearly “Sustainability Report” as a part of the company's operations in economic, social and environmental areas. This report covers the company's development and manufacture of innovative and green products, the improvement of social standards, effectual corporate governance, human rights and ethical work principles as well as the company's sustainable profitability.

Corporate Governance Approach

Arçelik A.Ş. is guided by the company's corporate values and culture, moral principles, concepts of effective governance and the principles of ethics in business.

Accountability, responsibility, openness and transparency, and equality are the four principles comprising Arçelik's corporate governance. In parallel with international business standards, these principles safeguard the trust between stakeholders and institutions and undoubtedly amplify the company's productivity and success.

Arçelik A.Ş. realizes that “right” corporate governance is quintessential to keeping the promises made to the company's stakeholders, especially to investors in order to maintain trust and stability. Meetings with corporate investors are a clear demonstration of Arçelik's successful implementation of corporate governance principles. The company not only capitalizes on its financial results and sound financial structures to achieve profitability targets but also manages its “corporate reputation,” an important asset cultivated over many years.

Corporate Governance Principles Compliance Report

1.1. Compliance with Corporate Governance Principles

Implementing and putting into practice the Corporate Governance Principles issued by the Capital Markets Board (CMB), effective July 4, 2003, by Resolution No. 35/835 and announced in July 2003, are vital particularly to the credit-worthiness and financial capability of publicly-traded companies. Arçelik A.Ş. has adopted these principles, exemplifying the quality of corporate governance. According to the CMB

Resolution No. 48/1588, dated December 10, 2004, companies must disclose their compliance with corporate governance principles in annual reports and on their web sites, if any, starting with the 2004 annual reports for companies listed on the Istanbul Stock Exchange (ISE). Subsequently, Arçelik A.Ş. set up a task team to investigate compliance with these principles; as a result, new information has been disclosed in the company's annual reports and on its web site since 2004. The company's effort to establish full compliance on some of the issues is still in progress. When OECD revised its 1999 corporate governance principles in 2004, the CMB updated its principles accordingly to ensure consistency with the OECD. Therefore, Arçelik A.Ş. prepared its 2010 Corporate Governance Principles Compliance Report in line with these revised corporate governance principles. On July 30, 2010, Saha Corporate Governance and Credit Rating Services, Inc. (SAHA) revised the company's corporate governance rating to 8.55 (85.53%) out of 10 points. This rating was previously 8.21 (82.09%) as the first rating announced in material event disclosure dated July 30, 2009.

Our Corporate Governance rating has been determined under four main titles (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted basing on the Capital Market Board's Corporate Governance Principles; and the updated distribution under main titles are as below.

Main Titles	Weight	2009 Rating	2010 Rating
Shareholders	0.25	8.55	8.87
Public Disclosure and Transparency	0.35	8.71	9.22
Stakeholders	0.15	9.52	9.52
Board of Directors	0.25	6.37	6.73
Total	1.00	8.21	8.55

SAHA's report drafted about corporate governance rating can be accessed in our Company's website at www.arcelikas.com.tr. Above-mentioned increase in rating is based on the following main factors:

- Improvements to inform the shareholders and protect their rights throughout the preparation process and during General Assembly, and a briefing document presented for the information of shareholders concerning General Assembly.
- A more comprehensive and extensive annual report.
- A more comprehensive Information Disclosure Policy presented for the information of General Assembly,
- Basing upon the principles of information policy, disclosing the list of the managers who may have access to information with an impact on the value of Company's stock exchange instruments,
- Amendments in the Articles of Association in order to ensure better compliance to the Corporate Governance Principles,
- Announcement of important decisions of the Board of Directors to the public in the Company's website, and

- Corporate Governance Committee, established and started to operate with the first meeting.

Our Company has been incorporated in ISE Corporate Governance Index as of July 31, 2009.

1.2. Corporate Governance Principles Not Yet Implemented

Açelik A.Ş. believes in the importance of full compliance to corporate governance principles. However, full compliance has not yet been achieved due to challenges in implementing some of the principles together with ongoing discussions in Turkey and in international platforms on compliance with certain principles and the failure of current markets and corporate structures to meet these principles in the proper manner.

A corporate governance action plan was prepared for the areas open to improvements in corporate governance applications determined in the SAHA's Corporate Governance Rating Report, and works for full compliance to the corporate governance principles were carried on. Actualized corporate governance principles and principles not yet complied with are given in the sections below.

1.3. Compliance Efforts within the Period

Açelik A.Ş. continued its efforts and made the following major improvements towards compliance with Corporate Governance Principles throughout 2010.

The first major improvement was that Ordinary General Assembly of Shareholders approved to add the following resolution into the Articles of Association on March 17, 2010:

(Article 12) The persons who are nominated and elected to the Board of Directors shall have knowledge and experience in the company's areas of business; be able to analyze financial statements and reports; have basic knowledge of legal regulations under which the company is governed; and shall preferably possess university educations.

Part I: Shareholders

Other important developments realized for compliance to Corporate Governance Principles are establishing the Corporate Governance Committee, Risk Management Committee and Investment and Business Development Committee founded in 2010 after the current Committee Responsible for Auditing established to provide consulting and coordination to the Board of Directors.

On March 22, 2010, Board of Directors resolved that a Corporate Governance Committee should be established within the Company in accordance with the Corporate Governance Principles issued by Capital Markets Board with the purpose of observing Company's compliance, carrying out improvement efforts on this matter, and proposing solutions to the Board of Directors.

Corporate Governance Committee held 2 meetings in 2010.

With the Resolution of Board of Directors dated July 16, 2010, a Risk Management Committee has been formed to give advice and recommendations to the Board of Directors in subjects including determination, evaluation, effects and possibilities of all kinds of strategic, financial, operational, etc., risks that may influence the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision taking mechanisms, and creation and integration of effective internal control systems in this respect. The Risk Management Committee held 4 meetings in 2010.

With the Resolution of Board of Directors dated July 16, 2010, an Investment and Business Development Committee has been formed to generate ideas and strategies, to provide coordination between relevant departments, and accordingly advise and recommend to the Board of Directors with the purpose of devising and planning new projects and investments on the special areas of the industries of our Company, as well as to follow the governance of the agreed strategies and projects. Investment and Business Development Committee held 3 meetings in 2010.

Furthermore, to comply with Corporate Governance Principles in 2010;

- Important Board Resolutions were put on website,
- Our voting procedure in the General Assembly was announced to the shareholders verbally,
- Shareholders were given information about the new Board Member, who has been elected in General Assembly,
- Information disclosure policy has been revised to include data and documents to be discussed in the General Assembly,
- Annual report has been revised to include future activities, general information regarding the industry and the company's position in the industry, and foreseeable risks related to macro-level operations.
- List of possible “insiders” has been added in our annual report and disclosed to the public,
- A secretariat has been established to provide communication within the Board of Directors,
- Audit committee reported that new independent auditing institution does not have any issues that may infringe its independence.

The Board of Directors decided to apply for corporate membership to the Turkish Corporate Governance Association (TKYD) on April 30, 2010 with the affirmative opinion of the Corporate Governance Committee, and the company became a member of TKYD on June 28, 2010. Operating to improve corporate governance understanding in Turkey since 2003, TKYD is an association supported by 455 individual and 8 corporate members. TKYD aims to increase cooperation between companies listed in ISE Corporate Governance Index, to enhance activities for promotion and development of the index, and to strengthen communication with regulating institutions. The company participated in TKYD Capital Markets Work Group to prepare TKYD's view concerning the update of the Capital Markets Board's Corporate Governance Principles.

Taking part in TÜSİAD Corporate Governance Work Group and Capital Markets Work Group, the company contributed to the preparation of TÜSİAD's views to present to the CMB and public regarding the regulations drafts for corporate governance and capital market procedures. In 2010, we also attended in the training courses, seminars and presentations held by TÜSİAD and TKYD related to the capital markets and corporate governance.

2. Investor Relations

Compliance with legislation, the Articles of Association, and internal regulations are observed when shareholders exercise their rights, and measures are taken to protect these rights. Arçelik manages shareholder relations through the Assistant General Manager of Finance and Accounting. The primary objective of the company regarding this issue is to ensure that shareholders fairly and reliably exercise their right to obtain information. The company exercises shareholder rights stemming from the partnership as a whole and without delay. Primary Responsibilities of Investor Relations are:

- Ensuring that shareholder information is maintained and updated in a secure and reliable manner,
- Responding to shareholders' written or verbal inquiries of company information with the exception of confidential information and trade secrets not disclosed to the public,
- Ensuring that the General Shareholders Meeting is conducted according to law, the Articles of Association and internal regulations,
- Preparing all necessary documents for the General Shareholders Meeting,
- Recording voting results and sending the results to shareholders upon request,
- Observing and monitoring all issues regarding public disclosures including applicable legislation and the company's disclosure policy,
- Attending meetings held at the company headquarters as well as other domestic and international meetings arranged by various organizations and informing investors accordingly,
- Informing analysts evaluating the company,
- Responding to information inquiries from academics who are researching the company and the industry,
- Preparing Turkish and English versions of the investor relations page on the company's corporate website (www.arcelikas.com); updating the page whenever necessary; and ensuring simple and quick online access to company information for shareholders,
- Filing material event disclosures with the ISE through the Public Disclosure Platform (PDP), according to CMB Communiqué Serial VIII, No. 54,
- Following changes in the legislation related to the Capital Market Law and submit these to the attention of the related units in the Company,
- Represent the Company at the Capital Market Board, Istanbul Stock Exchange, and Central Registry Agency. (CRA)

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Summary of Actions to Provide In-depth Information to Investors on the Company's Operations in 2010:

Number of investor meetings participated at home and in abroad	9
Number of investors met with	245
Number of teleconferences disclosing 2009 year-end and 2010 first-half results	4
Number of press meetings organized at home and in abroad	6

3. Exercising Shareholder Rights to Obtain Information

There is no difference between shareholders in terms of accessing and examining company information.

To improve the shareholders' rights to access information and to ensure reliability in shareholders exercising their rights, financial statements and other related information and documents are continuously updated and provided on the company's web site (www.arcelikas.com) both in Turkish and in English.

During this accounting period, information requests by shareholders were answered orally or in writing according to the Capital Markets Law and without preferential treatment to any shareholder. In 2010, action was taken on behalf of 43 shareholders who were not able to receive their dividends and had not participated in capital increases in previous years.

According to the PDP, material event disclosures required by the ISE along with financial statements and other information regarding the company are sent via electronic environments with electronic signatures.

Arçelik A.Ş. dematerialized the company shares traded on the ISE after registering with the CRA, an agency established to observe dematerialization of securities. Moreover, the company entered into an agreement with Yapı Kredi Yatırım Menkul Değerler A.Ş. to complete shareholder functions with the CRA. The company's operations are periodically audited by an independent auditor, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, (a member of the Ernst & Young Global Limited) as well as by the internal auditors elected at the General Shareholders Meeting. The Articles of Association do not contain provisions for appointing a special auditor. During the reporting period, no request was made of the company to appoint a special auditor.

4. General Shareholders Meeting Information

All shares comprising the company's capital are nominative. A briefing document regarding the agenda is prepared and announced through the company's web site prior to the General Shareholders Meeting. General Shareholders Meetings are held as open to the public including the stakeholders and media without the right of active participation in accordance with the Articles of Association.

The Company organized only 1 General Shareholders Meeting in 2010. The company's 2009 operations were discussed at the Ordinary General Shareholders Meeting held on 17 March 2010 and of the 67,572,820,500 outstanding shares, 53,925,657,033 (79.80%) were represented at the meeting. The company's shareholders (either directly or by proxy), stakeholders, and the media attended the meeting. Several intermediaries and representatives of banks providing settlement and custody services also attended as observers. Questions from shareholders were answered during the meeting.

- According to the Articles of Association, the General Shareholders Meeting was announced three weeks in advance in two national newspapers, in the Turkish Commercial Registry Gazette, and on the company's web site in an effort to reach the highest possible number of shareholders.
- All announcements comply with corporate governance principles.
- Starting on the invitation date of the General Shareholders Meeting, financial statements and reports, including the annual report, the proposal for dividend distribution, information on the agenda of the General Shareholders Meeting, supplementary documents pertaining to the agenda, the current Articles of Association, the text and justification of amendments, if any, to the Articles of Association are all made available to shareholders at the company headquarters and on the web site for the convenience and open review of shareholders.
- The company prepares a clear agenda of the General Shareholders Meeting to avoid any misunderstandings.
- Sample power of attorney statements are announced and posted on the company's web site for shareholders represented by proxy.
- Voting procedures are announced to shareholders in the meeting and electronically before the date of the General Shareholders Meeting.
- In 2010, the company did not receive requests from shareholders for any additional items to be included on the agenda.

Arçelik has not planned any future significant changes in the company's management or operational organization. All changes are disclosed to the public according to law.

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

Also, all documents which the foreign shareholders may need to be informed about the General Assembly and agenda texts are translated into English and they are sent via banks performing barter and holding transactions of such shareholders and also posted in the website. The company makes every effort to hold meetings close to the city center for greater participation and convenience. The number of participants over a period of years is tracked, and the meeting location is determined based on the number of participants.

The Ordinary General Shareholders Meeting on March 17, 2010 was held at “Divan City, Büyükdere Cad. No:84 Gayrettepe İstanbul”. The venue is capable to allow participation of all shareholders. Invitations to the General Shareholders Meeting are given by the board of directors according to the provisions of the Turkish Commercial Code (TCC), Capital Markets Law and the Articles of Association. The decision by the board of directors to convene the General Shareholders Meeting is announced to the public via disclosures filed with the ISE.

CMB regulations require that financial statements are disclosed within 14 weeks of the fiscal period's closing. However, Arçelik A.Ş. discloses its financial statements shorter than this deadline. The 2010 year-end financial statements were disclosed within the 7th week. Following the disclosure of financial results, the company starts preparations for the General Shareholders Meeting and upon completion of the necessary legal procedures, the meeting is held. The General Shareholders Meeting convenes within three months following the end of the fiscal period. The company scheduled March 23, 2011 as the date of General Shareholders Meeting to discuss company operations for 2010.

At the General Shareholders Meeting, agenda items are communicated to shareholders in a manner that is detailed, objective, and comprehensible. These agenda items are discussed with shareholders, providing them equal opportunity to make any inquiries and share their views.

The shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the company's board directors and top officers.

Shareholders who place themselves on the blocked shares list may attend the General Shareholders Meeting to express their opinions, ask questions and have these questions answered. The shareholders' votes on the agenda items are recorded in the meeting minutes. Each agenda item is voted separately.

The General Shareholders Meeting is held under the supervision of a representative of the Ministry of Industry and Trade. The General Shareholders Meeting has authorized the board of directors to purchase, sell and lease material assets as well as to make donations and grants. The Articles of Association include relevant provisions permitting this authorization. Because of the impracticality of holding a meeting for every transaction, this authorization is more viable so that transactions may be expedited in competitive markets to avoid missed opportunities.

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

5. Voting and Minority Rights

Arçelik A.Ş. announces voting procedures to shareholders at the beginning of all General Shareholders Meetings. The company avoids procedures that would make voting difficult and provides each shareholder, including those living abroad, with the opportunity to exercise their voting rights in the simplest and most convenient way.

The company's Articles of Association do not provide any special privileges for voting. Each share equals a single vote. The shareholders do not include any legal entity that is a subsidiary of Arçelik A.Ş. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy. Minority shareholders attend the General Shareholders Meetings and comprise the company's management in the same manner as majority shareholders. The Articles of Association do not provide for cumulative voting.

6. Dividend Distribution Policy and Deadline

According to corporate governance principles, Arçelik A.Ş. adopts a dividend policy that seeks a balance between the interests of both the shareholders and the company.

Part II: Public Disclosure and Transparency

Company has determined its dividend policy as follows: "To the extent permitted by applicable legislation and our investment requirements, long-term average dividends proposed at the General Shareholders Meeting by the board of directors should not be less than 50 percent of the company's annual distributable profit." The company's dividend policy is reported in the annual report and announced on the company's web site.

The company distributes its profit according to the TCC and the Capital Markets Law and within statutory time limits. A gross dividend rate of 14.799% (net 13.459%) according to 2009 year-end results was decided to be distributed at the General Shareholders Meeting dated 17 March 2010 and this distribution was actualized as of 24 March 2010. The Articles of Association do not grant any special privileges regarding dividend distribution.

According to the Articles of Association, the board of directors may distribute dividends in advance, provided that this action has been authorized by the General

Shareholders Meeting and complies with the requirements of the Capital Markets Law and CMB regulations. The authority to distribute dividends in advance, granted to the board of directors by the General Shareholders Meeting, is limited to the year when the authorization was issued.

7. Transfer of Shares

The Articles of Association do not include any provisions complicating or restricting the transfer of shares.

8. Company Information Disclosure Policy

Arçelik A.Ş. disclosure policy for informing the public was brought to the shareholders at the Ordinary General Shareholders Meeting on March 25, 2009 and published on the company's web site. The disclosure policy is updated in light of new regulations.

Purpose

Being one of the most important actors of the domestic and global Consumer Durable Goods Sector, Arçelik pursues a policy of informing the shareholders and stakeholders about all the activities related to the company management in an equal, transparent, full, accurate and comprehensible manner in accordance with the provisions of the Capital Market Law and other laws. The purpose of the disclosure policy is to define rules for sharing the past performance, future expectations, strategies, goals and the vision of the company with the public, the authorities, existing and potential investors and shareholders in an equal manner; for announcement of the financial information in an accurate, fair, timely and detailed manner within the framework of the generally accepted accounting principles and the Capital Market Law; and to share the same with continuous, efficient and open communication.

While pursuing an active and transparent disclosure policy, Arçelik complies with the Capital Market Legislation and the regulations of the Istanbul Stock Exchange (ISE) in all practices of informing the public and aims to implement the most efficient communication policy within the framework of the Capital Markets Board's Corporate Governance Principles.

Power and Responsibility

Company's disclosure policy is created upon the recommendation of the Board of Directors. At Arçelik, it is the responsibility of the Board of Directors to pursue, supervise and develop the disclosure policy. Finance Directorate and Corporate Communication Directorate are responsible of coordinating the disclosure function under the supervision of the Assistant General Management of Finance and Accounting. These parties fulfill their responsibilities in close coordination with the Board of Directors and the Audit Committee.

Methods and Tools

Within the framework of the Capital Market Legislation, Istanbul Stock Exchange (ISE) regulations and the Turkish Commercial Code, Arçelik A.Ş. decides that the following methods and tools shall be employed while determining the public disclosure policy:

1. Disclosures on special events to the ISE (English translations of the mentioned disclosures are also distributed to the foreign investors and they are announced on the website in Turkish and English)
2. Financial statements and footnotes, independent audit reports and statements are periodically delivered to the ISE (These reports are also available on the website. Annual reports and financial presentations are disclosed by electronic means and website.)
3. Annual reports (Made available in hard copy as well as soft copy through the website.)
4. Corporate website (www.arcelikas.com.tr)
5. Announcements and declarations made through Turkish Commercial Registry Gazette and daily newspapers
6. Press statements made periodically through the press and visual media in parallel with the important developments in the year
7. Statements to the data distribution organizations such as Reuters, Foreks, Bloomberg
8. One on one meetings or teleconferences with investors and analysts
9. Communication methods and tools such as phone, e -mail, telefax etc.
10. Prospectus, circular, announcements and other documents that are required by the Capital Markets Regulations.

Disclosures on Special Events

Arçelik A.Ş. disclosures on special events are prepared by the Finance Directorate and Legal Consulting Department; and in principle, they are signed by any of the two among the General Manager, Assistant General Manager of Finance and Accounting and Finance Director and notified to the ISE. In case the relevant parties' absence, the other Assistant General Managers and Accounting Directors are authorized to sign. Disclosures on special circumstances are delivered to ISE electronically as KAP notices.

Disclosure of the Financial Statements to the Public

The financial statements of Arçelik A.Ş. are prepared in accordance with the provisions set out by the Capital Markets Board and are audited according to the International Audit Standards and publicly announced. Before the financial statements and footnotes are publicly disclosed, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee within the framework of the Capital Market Legislation. The statements, footnotes and independent audit report are delivered to the ISE after the declaration of accuracy is signed by the General Manager, Assistant General Manager of Finance and Accounting or Accounting Director in parallel with the Capital Market Law and Istanbul Stock Exchange regulations. The financial statements and footnotes are accessible in

Turkish and in English retrospectively on the official website in the Arçelik Investor Relations section. Moreover, Investor Relations Department periodically issues memorandums or presentations relating to financial data and ratios which are distributed electronically on the website in order to ensure better understanding of the financial information.

Annual Report

The Annual Report is prepared in accordance with the international standards, Capital Markets Board legislation and corporate governance principles of the Capital Markets Board. After the Annual Report is prepared, it is approved by the Board of Directors and announced publicly in Turkish and in English. Moreover, the hard copies and the soft copies in the CD format may be provided from Arçelik A.Ş. Investor Relations Department.

Corporate Website

Arçelik A.Ş. website has the nature of a user friendly platform where it is possible for all the stakeholders to monitor the most detailed and updated data with its contents in depth and as well as its tools (i.e. graphics, calculators). The regularly updated data such as analyses, evaluations, retrospective information and corporate history on the website are provided in both Turkish and English. The most important titles that can be monitored on the website are summarized below:

- Detailed information of corporate identity
- Vision and main strategies
- Information about the members of the Board of Directors and top management of the company
- Important decisions of the Board of Directors
- Organization and shareholder structure
- Articles of association
- Trade registration data
- Financial data, indicators and analysis
- Press statements
- Disclosures on special events as required by Capital Markets Board
- Data, graphics and calculators for share performance
- Investor presentations
- Information regarding the analysts assessing the company and analyst reports
- Date and agenda of the General Assembly and comments on the items on the agenda
- Minutes of the General Assembly and the list of attendants
- Sample power of attorney
- Corporate governance practices and compliance report
- Profit distribution policy, history and capital increments
- Disclosure policy
- Frequently asked questions
- Detailed information regarding corporate social responsibility
- Ethic rules disclosed publicly within the framework of the disclosure policy

Announcements and statements made through Turkish Trade Registry Gazette and daily newspapers

The announcements regarding General Assembly, capital increment and dividend payments are announced both in Turkish Trade Registry Gazette and in daily newspapers in accordance with Capital Market Law, Turkish Commercial Code and our Articles of Association. The announcements regarding General Assembly Meeting are done by newspapers and website at least three weeks before in order to inform more shareholders.

Annual report, financial statements, profit distribution suggestion, briefing document for the agenda of the General Assembly, changes on the Articles of Association are disclosed in the company headquarters and website for the shareholders. The agenda of the General Assembly is clear to understand. The agenda includes approval of the financial statements, the acquittal of the Members of the Board of Directors and Auditors for the operations of the Company, election and deciding the remuneration of the Board of Directors and Auditors, the approval of the Independent Auditor Institution selection, profit distribution and its policy, change of the Articles of Association, corporate governance compliance report and information disclosure policy. The sample power of attorney for the General Assembly is announced on the newspaper and website.

Press statements are made through the press and media both in parallel with the important developments in a year and periodically

Arçelik A.Ş. Corporate Communication informs the public in details by providing controlled information to the press and media in parallel with the important developments in a year. Arçelik A.Ş. organizes meetings to inform the press and the public in parallel with the nature of the developments in a year. During these meetings, the General Manager of Arçelik A.Ş. or the relevant representatives from the top management make a detailed and disclosing presentation to the members of the press and media about the performance of the companies and general developments related to Arçelik A.Ş. and answers their questions. In addition to the routine meetings, written press releases are sent to the press in cases of various developments that need disclosure of accurate and controlled information to the public. Such disclosure may also take place through a press briefing as well depending on the nature of the development.

Any questions or demands for disclosure from the press in relation with the various developments and general flow are taken into consideration in writing and they are absolutely answered in negative or positive.

Statements given to the data distribution organizations such as Reuters, Foreks, Bloomberg

All statements shared with media and press by the Arçelik A.Ş. Corporate Communications Department are submitted to the above mentioned organizations which are also invited to all press briefings with appropriate content.

Meetings and Contacts with Investors and Analysts

Arçelik A.Ş. has an Investor Relations Department formed to regularly handle the relations with both existing and potential shareholders, to respond to the questions of the investors in the most efficient manner and to exercise the efforts for enhancing the company value under the Assistant General Manager of Finance and Accounting. The relationships with the shareholders are carried out by this department.

In order to ensure that Arçelik's operational and financial performance, vision, strategy and goals are communicated in the best manner to the shareholders, the top management of the company and Investor Relations Department frequently meet with the intermediary firms, analysts and investors and they prepare presentations, questions/answers schedules and summary information. Any meeting demands of the shareholders are responded positively and an opportunity is provided for a meeting with the highest possible management. It is also ensured that the shareholders and analysts can keep a close eye on the developments relating to the company through the periodically updated website and memorandums distributed online to the shareholders. For this purpose domestic and international investor meetings are attended. In these meetings and in the headquarters of the company, meetings are done with the investors and their questions are answered.

Teleconferences and investor presentations are done after disclosure of financial statements and important special events. Details of these disclosures are presented to the public through website.

Explanations for Forward Looking Statements

Arçelik may at times make forward-looking statements in relation with disclosure policies. The forward-looking statements contained in the written documents of the company are provided based on certain assumptions; the actual results may be considerably different from the results expected in the declarations due to risks, ambiguities and other factors; the investor society is warned in this respect.

Folow up of the News and Rumors about the Company

The Company monitors press and media daily through the contracted domestic media monitoring agency. The relevant coverage is reported to the top management every morning and the contents of the coverage are checked. Moreover, the domestic and international news coverage is also monitored through data distribution companies such as Reuters, Bloomberg and IBS subscribed by the top management, employees of the investor relations department and corporate communication department.

If the company wishes to make an announcement about the coverage and rumors about the Company , which is covered in press and media but which does not imply a liability for an announcement, the matter may be brought to the agenda by the Assistant General Manager of Finance and Accounting.

If the news does not have significance in terms of insider information, in principle no announcement is issued. However, Corporate Communications Department evaluates

whether there is value added in making an announcement on such a subject, which does not require the issuance of a material disclosure as per the Communiqué.

Unfounded News and Rumors

In principle, Arçelik A.Ş. does not comment on news that clearly appear not to be sourced from Arçelik A.Ş., or that clearly appear to be gossip, rumor and unfounded. However, if deemed necessary, Arçelik A.Ş. may decide to comment on such unfounded news in order to protect the interest of the shareholders.

News Pertaining to Information Whose Announcement is Postponed

In principle, if there is news appearing on the media on information, the announcement of which is postponed to protect the lawful interests of Arçelik A.Ş., despite all measures that have been taken to protect the confidentiality of the subject information, Arçelik A.Ş. remains silent. However, Arçelik A.Ş. may decide to make an announcement if deemed necessary to protect the interest of the company and the investors. In the postponement stage, no further comments are made and no statements are issued that contradict the information. It may be expressed that no information will be provided on the process and that the public will be informed when the developments are clarified.

Measures to Protect Insider Information until Public Announcement

Arçelik A.Ş. employees who are in a position to have insider information and the other relevant parties are informed about their liability to protect insider information between the time when the information subject to a material disclosure develops until it is announced to the ISE.

As a general principle, Arçelik A.Ş. and the persons who work in the name and on account of Arçelik A.Ş. cannot, by any means, share information that is not publicly available and that may qualify for a material disclosure, with third parties. If it is determined that insider information has unintentionally been shared by these people with third parties, if it is concluded that the confidentiality of the information cannot be protected, within the scope of Capital Market legislation, then a material disclosure is made.

If the public disclosure of such information is postponed, a list is drawn up including the names of the persons who have access to the subject information at the time of postponement and “Arçelik A.Ş.'s List of Individuals Who Have Access to Insider Information” is updated accordingly. The necessary work is completed to inform these people and the other parties who have access to the subject information and reasonable precautions are implemented.

The Criteria Used in Determining the People with Administrative Responsibility

People with administrative responsibility in access to insider information are determined depending on the scope of the information accessible by them. Accordingly, a manager and other staff who have detailed information about only a

portion of the company business and whose information on the whole is limited shall not be considered within the scope of people with access to insider information.

However, Members of the Board of Directors, General Manager and Assistant General Managers and some senior staff employed mostly at the headquarters, who have detailed information about the entire company and related to not only the present but also future plans, shall be considered within the scope of the people with access to insider information. The list prepared according to such criteria is shared with the public in accordance with the provisions of the relevant communiqués of the Capital Markets Board.

Ensuring Confidentiality for the Information that Should Be Disclosed to the Public

In order to balance transparency and company interests, the employees are pursued to observe and apply the rules regarding the use of the insider information. All necessary precautions are taken in order to prevent the use of the insider information. The "Principles of Business Ethics", documented and published throughout the company, clearly set out the codes of conduct for the employees of Arçelik A.Ş.

The Company information acquired during employment, which the Company does not want to disclose to anybody except concerned parties and which are qualified as trade secrets, are considered as "Proprietary Information". All employees preserve Proprietary Information during and after their employment at Arçelik A.Ş. and they do not use such information directly or indirectly. No employee of the Arçelik A.Ş. may engage in an activity to create gains by means of purchasing and selling shares of Arçelik A.Ş. or any other company of the Koç Group based on the insider information received during employment.

Arçelik adopts a "Silence Period" practice, which means that the company representatives avoid sharing the information to be disclosed with the public before any official announcement regarding the periodical results. Silence Period starts three weeks before the announcement of the year-end results and two weeks before the announcement of the quarterly results.

Election and assignments of the Company's Board of Directors and Top Management in 2010 disclosed to the public by a material event announcement are as below.

Board of Directors

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

Members of Auditing Board

İnanç Kiraz
Serkan Özyurt

The Board of Directors and Board of Auditors were elected at the Ordinary General Shareholders Meeting by resolution on 17 March 2010.

Committee Members assigned by the Board of Directors are:

Committee Responsible for Auditing

Temel K. Atay Member
Robert Sonman Member

Corporate Governance Committee

Dr. Bülent Bulgurlu Member
O. Turgay Durak Member
Fatih K. Ebiçlioğlu Member

Risk Management Committee

Rahmi M. Koç President
Semahat S. Arsel Member
Dr. Bülent Bulgurlu Member
Temel K. Atay Member

Investment and Business Development Committee

Mustafa V. Koç President
Ömer M. Koç Member
Ali Y. Koç Member
O. Turgay Durak Member
Levent Çakıroğlu Member

Top Management

Levent Çakıroğlu General Manager
İsmail Hakkı Sağır Assistant General Manager, Production and
Technology
Dr. Fatih Kemal Ebiçlioğlu Assistant General Manager, Finance and
Accounting
Şirzat Subaşı Assistant General Manager/Sales-Turkey,
Middle East, Africa, 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

Mr. Çakıroğlu began his professional life at the Ministry of Finance as an assistant accounting specialist in 1988. In 1998 he joined Koç Group as Accounting

Coordinator. He served as Koçtaş General Manager between 2002-2007, and Migros General Manager between 2007-2008. He has been serving as the General Manager of Arçelik A.Ş. since August 2008.

İsmail Hakkı Sağır

Assistant General Manager, Production and Technology Mr. Sağır began his career as a project engineer at the Arçelik A.Ş. Refrigerator Plant in 1980 and has been working at Arçelik A.Ş. as the Assistant General Manager of Production and Technology since May 2009.

Dr. Fatih Kemal Ebiçlioğlu

Assistant General Manager, Finance and Accounting

Dr. Ebiçlioğlu began his career at the Ministry of Finance as an assistant accounting specialist. He has been working at Arçelik A.Ş. as the Assistant General Manager of Finance and Accounting since 2005.

Şirzat Subaşı

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

Mr. Subaşı began his professional life at Beko Ticaret A.Ş as sales representative in 1986. He has held his current position since May 2009.

Tülin Karabük

Assistant General Manager - Marketing

Ms. Karabük began her career as the regional manager of the Eastern Block Countries at Ekom Eczacıbaşı Dış Ticaret A.Ş. in 1987 and has been serving as Assistant General Manager - Marketing at Arçelik A.Ş. since 1 September 2010.

Hakan Hamdi Bulgurlu

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

Commencing his business career at Ram Dış Ticaret in 1995, Mr. Bulgurlu has been serving as Arçelik A.Ş.'s Assistant General Manager for Sales - Europe, America, Asia-Pacific since 1 September 2010.

Cemal Şeref Oğuzhan Öztürk

Assistant General Manager - Purchasing and Supply Chain

Commencing his business career at ITU Materials Science School in 1982, Mr. Öztürk has been serving as Assistant General Manager-Purchasing and Supply Chain at Arçelik A.Ş. since 1 September 2010.

Appointments

Assistant General Manager - Marketing - Tülin Karabük

(Appointed to this position as of 01 September 2010.)

Assistant General Manager, Sales (Europe, America, Asia-Pacific) - Hakan H. Bulgurlu

(Appointed to this position as of 01 September 2010.)

Assistant General Manager - Purchasing and Supply Chain
- C.Ş. Oğuzhan Öztürk
(Appointed to this position as of 01 September 2010.)

All material event disclosures are published on the company's web site in Turkish and English simultaneously.

The company's top management or with their knowledge and sanctioning and authorized personnel in the Finance Directorate respond to inquiries from outside the company.

Presentations provided to analysts for easy assessment are released to the public via the company's web site following the disclosure of financial statements. According to Capital Markets legislation, securities traded within the last year are disclosed and published on the company's web site when these transactions are performed by the Board of Directors, Managers or shareholders who directly or indirectly hold a 5 percent share of the company. The company prepares consolidated financial statements and their footnotes according to the Capital Markets Board, Communiqué Serial. XI, No. 29, and discloses them to the public following an independent audit.

Annual Reports are prepared according to Capital Markets Legislation and Regulations and the CMB Corporate Governance Principles, Chapter II, Article 3.2.2.

9. Material Event Disclosures

The company made 17 material event disclosures in the fiscal period. There were no requests for additional explanations from the CMB and/or the ISE regarding 2010 disclosures. The company is not required to make any material event disclosure other than those made to the ISE since the company does not have any securities listed on foreign stock exchanges. The company made all material event disclosures on time and therefore was not subject to any sanctions by CMB.

10. The Company's Web Site and Content

In an effort to maintain effective and fast communications with shareholders, the company actively uses its corporate web site at www.arcelikas.com, according to the requirements of the CMB. All the information stipulated in CMB Corporate Governance Principles, Chapter II, Article 1.11.5 is available on the web site.

Website was arranged with the content and form as set forth by CMB Principles in Turkish and English. Preparation of Investor Relations Section of the website, updating changed information and including additional information, are under the responsibility of the Finance Directorate.

Every effort is extended to ensure uninterrupted web site operations.

11. Disclosure of Sole Proprietorship and Ultimate Controlling Shareholder(s)

A disclosure of Sole Proprietorship and Ultimate Controlling Shareholder(s) would be of no consequence. Information of the Koç family members as ultimate controlling shareholders is common knowledge.

12. Disclosure of Insiders

Arçelik A.Ş. places great emphasis on the use of insider information in order to maintain a balance between transparency and protecting the company's interests. All precautionary measures are taken to prevent the use of insider information. "Principles of Business Ethics," documented and distributed to all employees, clearly articulates appropriate business ethics for all Arçelik A.Ş. employees.

Any information acquired during the course of employment or belonging to the company, or deemed undesirable to share with third parties or considered commercial secrets are regarded as "company information." All employees are required to protect company information during and after their employment with the company. Moreover, they may not use this information either directly or indirectly.

Employees at Arçelik A.Ş. are prohibited from engaging in activities that would generate commercial gains from trading shares of Arçelik A.Ş. or other Koç Group companies based on insider information obtained during the course of employment.

Company managers are required to make disclosures to the public about trading shares if their positions in the company allow access to information that may affect the value of capital market instruments. These disclosures are also published on the company's web site.

List of Persons Who May Obtain Insider Information

Name & Surname	Position
Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Dr. Bülent Bulgurlu	Member of Board of Directors
O.Turgay Durak	Member of Board of Directors
Robert Sonman	Member of Board of Directors
Semahat S. Arsel	Member of Board of Directors
Temel K. Atay	Member of Board of Directors
Ömer M. Koç	Member of Board of Directors
Ali Y. Koç	Member of Board of Directors
A. Gündüz Özdemir	Member of Board of Directors
Levent Çakıroğlu	Member of Board of Directors
İnanç Kiraz	Auditor
Serkan Özyurt	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, 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
Türkay Tatar	Finance Director
Ertuğrul Evren	Accounting Manager
Gökhan Otaç	Accounting Specialist
Kemal Ersalıcı	Accounting Specialist

Part III: Stakeholders

Rest of the List of Persons Who May Obtain Insider Information is as below:

Name & Surname	Position
Alparslan Görgülü	Consolidation Manager
Özgür Ölmez	Consolidation Specialist
Erdem Topoyan	Consolidation Specialist
Nesrin Cengiz	Budget Manager
Hande Sarıdal	Treasury Manager
Levent Arasiler	Financial Markets Specialist
Hümeyra Özener	Reporting Manager
Burcu Bekar	Reporting Staff
Bülent Alagöz	Capital Markets Regulation Compliance
Turhan Sarı	Capital Markets Regulation Compliance
Beril Egemen	Assistant to the General Manager
Elif Kırlangıç	Consolidation Staff
Ertan Ayhan	Independent Auditor, Responsible Partner, Chief Auditor
Tuğhan Semih Özden	Independent Auditor's Staff
Mehmet Can Altıntaş	Independent Auditor's Staff
Tolga Koyuncu	Independent Auditor's Staff
Özgün İpeker	Independent Auditor's Staff
Mehmet Düzgün	Independent Auditor's Staff
Özcan Hınçal	Certified Public Accountant

13. Disclosure to Stakeholders

Third parties directly involved with Arçelik A.Ş. are the company's stakeholders. The company advises its stakeholders on matters of interest through meetings or via communication channels. Fully aware of the long-term benefits associated with stakeholders, the company respects and protects their rights established by legislation, mutual agreements, and charters. The company's corporate governance structure allows all stakeholders, including employees and representatives, to express their concerns regarding illegal or unethical practices. A network of nearly 3,600 dealers constitutes a major stakeholder group directly connected to the company. Arçelik holds regular Authorized Dealers Meetings throughout the year to keep dealers up to date on policies, targets and economic developments as well as to foster a more advantageous system by listening to their concerns. Besides, there are approximately 3500 suppliers in direct business relation with the Company. The company also shares financial results of the previous year and Arçelik strategies, policies, targets and expectations for the current year with its suppliers through meetings, visits, inspections, and the supply portal. Employee relations under collective bargaining is managed through union representatives.

Arçelik A.Ş. is a member of the Turkish Metal Industrialist Union (MESS) for employers. The company's blue-collar workers are members of Union of Metal Workers of Turkey (TURKMETAL). A Collective Bargaining Agreement covering September 01, 2010-August 31, 2012 period was signed in November 2010 between MESS and Turkish Union of Metal Workers.

14. Stakeholders Participation in Management

Supportive mechanisms and models have been created to encourage stakeholder and especially employee participation in the Company's management without interfering company operations.

Participation of stakeholders in the management is supported by instruments such as “proposals” and “surveys”. Arçelik A.Ş. involves the workers union in decision making processes and obtains their approval regarding operational changes in work conditions, the environment, and employee rights. Dealers in close contact with the company through the Authorized Dealers Meetings are also encouraged to participate in company management.

15. Human Resources Policy

Respects the globe, respected globally! This vision rallies the company towards becoming global. We embrace our employees as “our most vital asset” and value them as the driving force behind a long-lasting legacy.

Arçelik A.Ş. fashioned the company's human resources policy in 2006 in harmony with the company's shared values, work ethics, and strategies. This policy have been documented and distributed to subsidiaries in Turkey and abroad.

Our fundamental principles directing the Human Resources Policy are given below and these principles are taken as the basis of actions for Human Resources (HR) applications.

- There is a global / local balance between HR systems and practices. As a global company, Arçelik A.Ş. respects local laws, practices and requirements. If a conflict with HR policies arises, relevant local laws take precedence.
- All HR policies are aligned with Arçelik A.Ş. business strategies and include future needs in addition to daily organization requirements.
- All HR processes and practices are obliged to respect and support human rights in principle and these principles call for non- discrimination and creating equality within the company. Arçelik A.Ş. does not discriminate on account of ethnicity, race, nationality, disability, political affiliation, religion, age, gender or sexual orientation.
- Fairness, consistency and reliability are the main principles of HR practice.
- HR practices are systematically and regularly revised to continuously improve standards and the processes are restructured in accordance with feedbacks and latest developments.
- Employees' personal data is protected to ensure confidentiality under legislation.

Industrial Relationships

Within the framework of industrial relations policy, Arçelik A.Ş. respects employee rights in terms of getting organized in unions. On the basis of mutual trust between employees and unions, the company diligently preserves the peace at the workplace by acting in conformance to laws and collective bargaining agreements. Conditions, customs, and practices indigenous to regions and countries where the company operates are considered, even if not stated in the agreements. Industrial policies of the company regard unions as social stakeholders but not antagonists. Arçelik A.Ş. places great emphasis on maintaining good relations with unions and acting in concert with them. Providing better working conditions for its social stakeholders is an important goal of the company. Accordingly, areas of social assistance such as better working conditions, occupational health and safety, maternity, marriage and meals as well as adherence to laws are provided in the agreements and are implemented.

Employee Rights of Arçelik A.Ş. Employees in Turkey According to Collective Bargaining Agreements:

- Arçelik A.Ş. pays 4 months salary to its employees as a bonus every year.
- Payment for heating requirements,
- “Vacation allowance” before annual vacation,
- “Holiday allowance” before religious holidays,
- Monthly child allowance,

- Allowances for occurrences such as childbirth, marriage, death, military service and education.
- Non-cash assistance for transportations and meals at company locations.
- Employee annual holidays in the company according to collective bargaining agreements. Vacation entitlements longer than legal periods provided to all employees both union and non-union.
- Implementation of starting positions and wages for union employees based on the type of work performed according to collective bargaining agreements.

The Collective Bargaining Agreement valid for 1 September 2010-31 August 2012 and covering all trade union members in all Arçelik plants was signed in November 2010.

Occupational Health and Safety

Following the corporate vision “employee is valuable”, Arçelik A.Ş. integrates the company's Occupational Health and Safety Policy with relevant laws and business practices; and encourage the implementation of systematic standard applications.

Arçelik A.Ş. Occupational Health and Safety Policy

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

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

In accordance with this policy, occupational health and safety issue is included and followed in sectional and individual targets within the scope of Performance Management System. As a result of works carried out with this understanding, serious improvements were achieved in occupational health and safety indicators. In 2010, compared to the previous year;

- 20% improvement in work accident frequency, and
- 25% improvement in work accident weight rate have been achieved.

Also, thanks to the decrease in work accidents and workday losses, labor force efficiency could be increased.

Arçelik A.Ş. consistently provides guidance to its employees regarding occupational health and safety and also supports communications among employees and managers.

In accordance with the procedure requirements pertaining Heavy and Dangerous Works, training of 4,061 workers was completed in 2010. Within the scope of professional trainings which was realized as 74,012 man-hours, 21,340 man-hour training was given on Occupational Health and Safety.

In addition, apart from the requirements pertaining Heavy and Dangerous Works, 45,183 man-hour training was given for Occupational Health and Safety. Thus, 66,523 man-hour training was given in total in 2010 for Occupational Health and Safety.

Targeting to achieve “zero work accident and zero occupational disease”, Arçelik A.fi. goes on working with the participation of employees from every level and allocation of the required resources.

When fulfilling both present and future requirements for employees, the company offers equal opportunities to all candidates who possess the appropriate training, knowledge, skills, competencies and experience. Having employees from 81 different universities clearly indicates the importance the company places on equality.

Total number of employees in Turkey and abroad as of 2010 year end:

Number of employees as of 2010 year end	Total
Turkey	14,219
Abroad	4,210
Arçelik Group Total	18,429

The average seniority of employees in Turkey is 7.5 years and the average age is 33.2.

The company's approach to training and development aims for greater improvement in the company's and individual performances through continuous professional development. The company emphasizes the efficient and productive use of internal resources when planning both the current and future development needs of employees.

In 2010, 205,325 hours in total were allocated to training of employees with an average of 15 hours per person. 14% increase was achieved in actual training hours in total compared to the previous year. Arçelik believes that organizational success results from individual success. Various professional development systems are instrumental in improving employee performances compatible with the company's targets. The remuneration management approach is defined within an equitable and competitive employment policy.

The company works to heighten employee motivation, loyalty and productivity as the company aspires to implement the best processes and to encourage critical competencies. In this respect, the company recognizes achievements, inventions and suggestions and promotes them throughout the company.

A work life evaluation survey is conducted each year to build better working conditions for employees. The survey measures employee satisfaction, loyalty and

dedication to the company. The results are shared with the employees, and after listening to their opinions an action plan is implemented.

16. Information on Relations with Customers and Suppliers

Customer and supplier satisfactions are high priority and essential targets for the company. Customer satisfaction is monitored and reported regularly. The confidentiality of information pertaining to customers and suppliers is invaluable and reserved as trade secrets.

Respecting the company's operations and investments, the primary aspiration of Arçelik's Call Center is to achieve customer satisfaction at the highest level possible. The call center operates with modern services seven days a week, twenty-four hours a day with seamless communication with consumers and fast response to suggestions and requests. An additional fundamental responsibility of the call center is to contribute to the development of new products that meet customer expectations by providing an unrestricted flow of suggestions and criticisms.

The Arçelik Call Center boasts of a technological infrastructure whose capacity outperforms competitors. This becomes especially evident by the varied communication channels with the company's consumers. Consumer requests coming through conventional channels such as fax and letter in addition to modern communication channels such as telephone and e-mail are evaluated and a significant part of incoming requests is instantly replied at the moment of the call (First Line Support). Raising the bar every passing day, the Arçelik Call Center also conducts surveys to better understand what actually happens in the field and uses feedback as a way to improve its operations.

Arçelik Call Center has maintained the highest level of dialogue and customer satisfaction with the company's domestic customers since 1991. From Turkey location, the center has now started presale and after sales services for

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

And the center expands service network abroad to become an international call center.

Furthermore, voices of foreign markets in addition to the domestic market were also listened by consumer satisfaction surveys in countries where our market shares are increasing gradually such as the United Kingdom, Serbia and Denmark and their suggestions and expectations were evaluated.

In 2010, Consumer Services working under the Consumer Services Directorate provided support at nearly 580 authorized services in 10 regional management operations countrywide with 5,250 vehicles and 11,000 employees whose 5,400 employees are technicians. Technicians are certified by Technical Services and Training Management working under Consumer Services.

Authorized services are capable of providing 9 million services annually for Arçelik A.Ş. brands. One of the distinctions of the company's services organization is the ability to handle both the delivery and installation of a product with a single service call.

17. Social Responsibility

Arçelik A.Ş. believes that corporate social responsibility is essential to the company's core business and works for “sustainable growth”.

The company's social responsibility is illustrated by high quality and innovative products and services, a moral disposition respecting laws and human rights, and awareness of environmental and social needs in every industry where the company operates and with every responsibility undertaken for “Sustainable Growth.”

Arçelik performs the company's operations with full compliance to laws, moral standards and human rights and was one of the first companies to sign the Code of Conduct prepared by the European Committee of Domestic Equipment Manufacturers (CECED).* The code of conduct guarantees sustainable performances regarding working conditions, environmental laws, and standards set forth by international agreements.

Arçelik operates with an approach focused on protecting the environment and natural resources with its partners in production and non-production processes while developing and manufacturing innovative products. During its operations, the company abides by all domestic and international legal liabilities intent on protecting the environment and human health. Arçelik regularly organizes training programs for employees to raise awareness of the environment and conducts projects with government organizations and with NGOs. The company's “sustainability” approach drives Arçelik to create and implement projects for the development of the younger generations in countries where the company operates. These projects continue with the support of both employees and partners. Exemplary of this approach to social responsibility is the “Standing United for Education with Arçelik A.Ş.” programme, whose goal is to foster the individual growth of students in elementary boarding schools in Turkey.

In addition to projects in education, culture and the arts, the company also sponsors sports events, contributing greatly to the growth of the community. The annual report describes these policies and operations in the “Sustainable Life” and “Innovation” sections. In 2008, Arçelik A.Ş. prepared the 2007 Sustainability Report for employees, shareholders, authorized dealers, authorized services, suppliers and all social partners as a part of the company's operations in economic, social and environmental areas. The Sustainability Report for 2008 and 2009 was drafted in accordance with Global Reporting Initiative, Sustainability Reporting Principles, which is the accepted reporting standard in the world. The Sustainability Report mentions operations of Arçelik A.Ş. that focus on innovative product development and production for the protection of natural resources, improvement of community living standards, effective corporate governance, human rights and ethical work principles.

Both the annual report and sustainability report are shared with the public on the company's web site at www.arcelikas.com

* CECED was founded in 1959 and represents European manufacturers of domestic electrical appliances. The CECED organizes all industry activities pertaining to legal regulations and practices in Europe and manages the cooperation between members. Arçelik A.Ş. has been a member of CECED since 2002.

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

Arçelik A.Ş. is managed by a Board of Directors comprising a minimum of three members elected among the shareholders according to the provisions of the TCC and by resolution of the General Shareholders Meeting. The General Manager of the company may be elected as a member of the Board of Directors. The Board of Directors is composed of eleven members for the year 2010. Mr. Levent Çakıroğlu is the executive member in the Board of Directors.

Members of the Board of Directors

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

The chairman and vice chairman of the board are elected following the election of the Board of Directors at the General Shareholders Meeting. Article 315 of the TCC is applied for vacancies on the board during the term.

According to Articles 334 and 335 of the TCC, the chairman and members of the board seek the consent of the General Shareholders Meeting to engage in, either directly or indirectly, or to own shares in any business similar to the business of the company.

The company's Board of Directors does not have an independent member. All members have been elected as representatives of certain shareholders. All of the members of the board have worked in various industries for many years and are experienced in the areas of business in which the company is involved. The company takes full advantage of the knowledge and experience of the board members. The members of the Board of Directors are free to voice their opinions openly without pressure. The company has affiliates and subsidiaries operating in various industries. Trusting that the participation of the Board of Directors in the management of related companies serves the interests of the company, the board members are not subject to

any rules or restrictions when assuming responsibilities in the other companies. Their roles in these companies, whose industries may be linked to Arçelik A.Ş. are considered beneficial to the interests of the company.

19. Qualifications of Board Members

The Board of Directors is structured for absolute competence and effectiveness. The Board of Directors possesses qualifications according to the Corporate Governance Principles of the Capital Markets Board, Chapter IV, Articles 3.1.1, 3.1.2, 3.1.3 and 3.1.5. Following provision is included in our Articles of Association in relation with the qualifications of Board Members. “The persons who are nominated and elected to the Board of Directors shall have knowledge and experience in the company's areas of business be able to analyze financial statements and reports; have basic knowledge of legal regulations under which the Company is governed and shall preferably possess university educations.”

20. The Mission, Vision and Main Targets of the Company

Company mission: Protect the values, targets and strategies of the Koç Group while developing, manufacturing, and introducing products in the market and while offering after sales services for products that simplify domestic life and that are easy to own and use and be reliable. Ensure customer and employee satisfaction and long-term loyalty, use resources efficiently, and meet stakeholder expectations while continuously improving and growing in target markets.

Company vision is “Respects the Globe, Respected Globally.” “Respects the Globe” - We are green company. We appreciate people. We are aware of our responsibilities. “Respected globally” - because our aims are higher, reaching beyond.

Main Targets of the Company are as below:

- To maintain sustainable growth and enlarge our market share in the home appliances industry worldwide,
- To maintain profitability level enabling sustainable growth,
- To improve capabilities to offer pioneering, innovative, and green products and solutions that add value for the customer
- To develop a global organization and competencies by managing diversity.

The Board of Directors evaluates and approves the company's vision and main targets. These targets are announced to the public in the annual reports, on the web site and through informative meetings or statements by means of appropriate communications channels.

During the Board of Directors meetings, made periodically according to the Articles of Association the company's targets are compared and assessed with actual outcomes, including the previous year's. The current status of the company is examined and new targets and strategies are created if necessary.

21. Risk Management and Internal Control Mechanisms

Risk Management Committee has been formed to advise and recommend to the Board of Directors in subjects including determination, evaluation and estimation of the impact and possibilities of all kinds of strategic, financial, operational, etc., risks that may influence the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision making mechanisms, and establishment and integration of effective internal control systems in this respect.

The Risk Management Department is established under the Finance Directorate to track, report and manage risks in the company. The Department continues to work proactively regarding financial risks, loan risks and elementary risks.

Financial Risks: The company continually tracks risks of exchange rates, interests and liquidity and reports these risks at certain intervals. The Treasury Department is responsible for managing financial risks reported by the Risk Management Department, according to the risk criteria.

Loan Risks: Consolidated international receivables are collateralized and reported. The company often purchases insurance policies and uses bank guarantees, factoring and Eximbank guarantees for this purpose. The Sales Accounting Directorate manages the process of guaranteeing domestic receivables. When products are delivered to authorized dealers, guarantees such as mortgages, letters of guarantees from banks, customer deeds, stocks or currency are received in return. Factors affecting risks are processed online in the system. Transactions such as dispatch orders or draft collections are shown on accounts immediately, therefore changing the risk factors.

Elementary Risks: Includes processes such as determining consolidated fixed assets, product and manager responsibilities, transportation, product recall, coverage of insurance policies and their purchase and managing processes related to claims.

Moreover, to establish viable internal control mechanisms, the Internal Audit Department is established under the Assistant General Manager of Finance and Accounting. The audit committee constantly monitors the processes and effectiveness of the system and if necessary reports issues and suggests solutions for risk management and internal control mechanisms to the Board of Directors.

22. Authority and Responsibility of the Members of the Board of Directors

The Articles of Association clearly defines the authority and responsibility of the Board of Directors. Authorizations are given in detail in the signatory circular of the Company. These documents can also be found on the Company's website in addition to the authorized institutions required by law.

23. Main Activities of the Board of Directors

According to the Articles of Association, the Board of Directors meets when necessary to manage the company's business. The board must convene at least four

times a year. The Board of Directors is required to convene upon request of the chairman or two board members.

Reasons for any opposing opinions or votes are recorded in the minutes of the board meetings. Detailed reasons for opposing votes are disclosed to the public. However, a disclosure was not made in 2010 since no opposing votes or opinions were recorded at any of the four meetings of the Board of Directors.

The agenda for a meeting of the Board of Directors is determined whenever related departments report issues to top management or to the board that specifically require a resolution by the Board of Directors. The meeting also occurs when a member of the board calls for a resolution pertaining to a significant issue. The Assistant General Manager of Finance and Accounting collects and consolidates the issues and prepares the agenda.

The Arçelik A.Ş. Assistant General Manager of Finance and Accounting has been appointed to set the agenda for meetings, prepare resolutions according to TCC Article 330/II, inform members and establish communications.

The Board of Directors meetings convene at the company's headquarters or at a convenient location in the city center. Significant resolutions are announced to the public through PDP and on the company's web site in Turkish and English.

24. Prohibitions of Transactions or Competition with the Company

According to Articles 334 and 335 of the TCC, the chairman and members of the Board of Directors seek consent at the General Shareholders Meetings to engage in, either directly or indirectly, or own shares in any business similar to the business of the company.

25. Ethical Rules

The Company aims customer satisfaction, to offer products and services in universal quality and standards by efficient use of rare natural resources, and to contribute in economic and social developments.

In this way, the company endeavors to exemplify reliability, perseverance and respectability for national and international customers, shareholders, employees, suppliers, dealers and authorized services - shortly, for all its partners.

With the Code of Conduct based on our founder Vehbi Koç's principles;

- The Customer is the focus of everything we do,
- Our indispensable aim is to always be the best,
- Our most important capital is our human resources,
- Creation of wealth for continuous development is our key objective,
- We aim to empower the Turkish economy, which we derive our power from,
- Our guiding motto is to abide by work ethics and honest working principles,

We aim to lead our employees and those acting on behalf of our Company in their decisions and behavior.

All employees are expected to display attitudes and behaviors that will ensure corporate cultural integrity and to protect and develop the reputation and corporate structure of our Company. All employees including temporary workers are obliged to obey the Code of Conduct. All partners are expected to obey the work ethics and all application principles that support these rules.

General headlines included in “Arçelik Code of Conduct” are given below:

- Company- Employee Relations,
- Relations outside the Company
 - Partners, Shareholders, State, Customers, Suppliers, Agencies, Authorized Dealers, Authorized Services,
 - Competitor and Competition Relations,
 - Social Responsibility,
 - Global Responsibility,
- Code of Conduct to be obeyed by the Employees,
- Occupational Health and Safety Understanding,
- Code of Conduct and Principles in Application,
 - Liability of Infringement Notification,
 - Board of Ethical Behavior
 - Disciplinary Practices.

Notifying all employees about Code of Conduct, getting employees to obey and to pay importance to these rules, and displaying required efforts and leadership for observing Code of Conduct are among the principal duties and responsibilities of the management.

26. The Number, Organization and Independence of Committees Created by the Board of Directors

According to the Articles of Association, the Board of Directors may create committees or sub-committees for consultation, coordination or other purposes when deemed necessary.

The company has established an “Audit Committee” to ensure that the Board of Directors fulfills its duties and responsibilities in a reliable manner. Board of Directors assigned Temel K. Atay and Robert Sonman as members to the Audit Committee for 2010; the Audit Committee was formed by two Board Members who were not assigned to execution. The Audit Committee performs its activities in compliance with the Capital Markets Law and the CMB Corporate Governance Principles. The members of these committees are not independent members.

On March 22, 2010, the Board of Directors decided to establish a Corporate Governance Committee within the Company in accordance with CMB Corporate Governance Principles in order to observe Company's compliance, carry out improvement efforts, and to propose solutions to the Board of Directors in this respect. Dr. Bülent Bulgurlu, O. Turgay Durak and Fatih K. Ebiçlioğlu were assigned

as Members of Corporate Governance Committee. Whereas Fatih K. Ebiçliođlu is responsible for executive works, the other two members are not; and the committee does not have independent members.

With the resolution of the Board of Directors dated July 16, 2010, Risk Management Committee has been formed to give advice and recommendations to the Board of Directors in subjects such as determination, evaluation, effects and possibilities of all kinds of strategic, financial, operational, etc. risks that may affect the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision taking mechanisms, and creation and integration of effective internal control systems in this respect and it has been decided that this committee be composed of 4 members and Mr. Rahmi M. Koç was selected as the president there to and Semahat S. Arsel, Dr. Bülent Bulgurlu and Temel K. Atay were assigned as the members. The members of this committee are not assigned to execution tasks; and the committee does not have independent members.

With the Resolution of the Board of Directors dated July 16, 2010, Investment and Business Development Committee has been formed to generate ideas and strategies, to provide coordination between relevant departments, and accordingly advise and recommend to the Board of Directors with the purpose of devising and planning new projects and investments in the special areas of the industries of our Company, as well as to follow the governance of the agreed strategies and projects. It has been decided that this committee be composed of 5 members and Mustafa V. Koç was assigned as the president and Ömer M. Koç, Ali Y. Koç, O. Turgay Durak and Levent Çakırođlu as the members. Whereas Levent Çakırođlu is in charge of execution, other members are not; and the committee does not have independent members.

27. Remuneration of the Board of Directors

According to the Articles of Association, the General Shareholders Meeting determines the rights to be granted to the Board of Directors. On March 17, 2010, the General Shareholders Meeting decided to pay a monthly salary to the members of the Board of Directors. In this context, Chairman and Members of the Board of Directors shall be paid a gross monthly salary of 1,435 TL. Furthermore, the executive members shall also receive remuneration based on their performances. The board members and managers are not allowed to borrow or receive loans other than advance payments granted in compliance with the company's internal procedures. No surety is granted in favour of board members or managers.