

Respects
THE GLOBE
Respected
GLOBALLY



Arçelik A.Ş.
Sustainability
Report 2011

Respects
THE GLOBE
Respected
GLOBALLY

We are conscious of our responsibilities.
We strive to leave a better world behind for next generations.
Our corporate vision leads our way towards meeting
these responsibilities.

About the Report

With our sustainability report we provide our stakeholders with an open and honest summary of the social, economic and environmental impacts stemming from our activities, and commitments, practices, objectives and performance results regarding the management of our impacts. We see our sustainability reporting practice as an important instrument for becoming a transparent and accountable organization.

The main content of Arçelik A.Ş. Sustainability Report 2011 is formed by the studies which were realized in compliance with the theme and stakeholder materiality techniques proposed by GRI Standards and with the participation of Arçelik A.Ş. Sustainability Working group whereby all functions of our organization is represented. As in the previous reporting practices, we have used GRI Reporting Standard principles in determining the scope of the report, content structure and quality and data calculation and disclosure techniques. We have realized this report in GRI B+ application level as the occupational health and safety and human resources practices and related data is subjected to limited third party assurance by an independent international audit company (PwC). The content of this report discloses the annual performance in between January 1, 2011 and December 31, 2011.

In the disclosures we made in Arçelik A.Ş. Sustainability Report 2011, the performance data of Turkey operation was taken as basis with regards to its significant effect in sustainability performance in production, sales and employment volume, in accordance with the scope determining principles presented by GRI Standard. However, in certain cases, company's overall performance data was utilized; necessary remarks were made where these sorts of disclosures are present.

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Distinguished Stakeholders,

I am glad to share with you the fourth sustainability report of Arçelik A.Ş. This report aims to present our stakeholders the sustainability performance of Arçelik A.Ş. in "System", "People", "Supply", "Product" and "Social Development" dimensions, in compliance with the principles addressed by Global Reporting Initiative (GRI) which is an international reporting standard.

As a result of its "Respects the Globe, Respected Globally" vision, Arçelik A.Ş. acts with a focused "Sustainable Development" approach in all its processes. While we increase our global presence and prevalence through our strategic objectives that would realize our vision, we are also aware of our responsibility regarding the sustainability of resources. With this approach, we integrate sustainability principles with our business processes and objectives.

In 2011, we took firm steps towards becoming a global company as we closely followed global economic developments. We continued our growth, increased our market share in our operational geography and reached a 8.4 billion Turkish Lira consolidated revenue. We established offices in Australia, New Zealand and Taiwan in line with the target of expanding our global presence. We acquired the South African white goods market leader Defy Appliances Ltd. Company.

We Support our Sustainability Objectives with R&D Investments and Innovation Management

In 2011, we celebrated the 20th year of our R&D department; it has contributed immensely to the pioneer role of Arçelik in the world with its original technology and innovative products.

We protect our innovation and R&D studies that have contributed to our sustainable competitive advantage with patents that we develop. We were ranked 95th in World Intellectual Property Organization's (WIPO) list of the "Top 500 Companies Filing Applications", being the first and only Turkish company on the list. According to the 2011 report of European Patent Office (EPO), Arçelik A.Ş. held half of the patents granted by the European Patent Office to Turkish Companies. With 145 patent applications on average annually, Arçelik A.Ş. holds 1/3 of the international patent applications from Turkey and European patent applications.

We Strive to Reduce our Environmental Impact to Minimum

We continued to apply environmental management system to all of our processes in the reporting period. In line with our annual improvement objectives, we strived to reduce our plants' wastes at their sources, to recycle the emerging waste and to reduce the GHG emissions arising out of our activities.

We have achieved 11,090 tons CO₂e GHG emission reduction with the energy efficiency projects that we realized. As in 2010, we have calculated our GHG emission inventory in compliance with ISO 14064-1 GHG Emissions Reporting Standard in 2011 and registered it by an independent international audit company.

As a result of the energy efficiency studies we carried out in 2010, 8 of our plants in Turkey received "Gold" certificate from the evaluations made by an independent authorized institution. In 2011 our Refrigerator, Washing Machine, Cooking Appliances and Compressor Plants made a first in the world in the white goods sector and reached the level of Platinum. Our factory in China gained a "Gold" certificate.

Our compliance efforts for ISO 50001 Energy Management Standard continued. In 2012, we aim to gain for our Turkey operations ISO 50001 Energy Management System certificate which is based on the efficient use of energy, and achieve yet another first in our industry.

We Continue our Sensitivity Towards Combating Climate Change and Support Environmental Projects

In 2011, we continued our support for the projects that combat the climate change in Turkey and abroad. We have participated in "Turkish Climate Platform of the Corporate Leaders Group on Climate Change" which is founded to pioneer the realization of national and international policies in the transition to low carbon economy process. We have signed 2°C Challenge Communiqué which determine the steps to take in restricting the climate change to 2 degrees. As the term spokesman of the Turkish Climate Platform of the Corporate Leaders Group on Climate Change, as of the end of 2011 we have represented Turkey in UN's Climate Change Conference in Durban, South Africa.

We Design Products that Increase the Quality of Lives of our Customers and Provide the Highest Energy and Water Efficiency

95% of the greenhouse gas emissions within the life cycle of our products arise during their usage. For this reason, product development practices aiming to reduce environmental impacts are our first priority field of study. Our objective is to realize innovative technologies; reducing our carbon footprint in product lifecycle and contributing to a sustainable future.

We produced Turkey's first A+++ energy class No-Frost refrigerator which is the least energy consuming product in its own class in the world, the first and only A++ energy class dishwasher with six liters water consumption and a dish capacity for 13 sets; and the first A++ energy class 45 cm dishwasher with 9 liters water consumption and a dish capacity for 10. We also added tumble dryer which consumes 50% less energy than class A models and a steam assisted dishwasher to our product line.

In addition to these, "Cactus Dishwasher" was awarded with first place in Energy Efficient Products category by the Ministry of Energy and Natural Resources and in Environmentally-Friendly Product category by Istanbul Chamber of Industry. It was entitled to represent Turkey in 2012 at Rio+20 United Nations Sustainable Development Conference in "Sustainable Development and Green Economy" category.

We Take Strength from Our Global Organization

Our workforce tripled in the last ten years in our growing organization parallel with the developing business volume. Our innovative and qualified human resource constitutes a significant element of our success and global journey. To this end, we invest in continuous development of our human resources. We encourage our employees to focus on different development themes to increase their active participation in processes and improve their competencies. We work with the objective to ensure a safe and peaceful working environment. With different training programs, in 2011 we provided our employees with training opportunities exceeding 300,000 hours. We have decreased our accident frequency rate by 32% and accident gravity rate by 8% in 2011 compared to 2010 thanks to the strength of our health and safety systems, the awareness of our employees and improvements we made in the practices. The fact that we have provided 51,464 man*hour trainings on occupational health and safety in 2011 throughout Arçelik A.Ş. also played a huge role in achieving this outcome.

We Develop Sustainable Supply Processes

In our efforts to increase sustainability performance, we place an emphasis on our supply processes. With this aim, we only include those firms with high business ethic norms, environment and quality standards to our supplier pool, and we engage in performance boosting communication, training and collaboration practices. We have initiated Supplier Portal Project as of 2011, in order to strengthen the communication between suppliers and Arçelik A.Ş. purchasing organization to support the monitoring of processes and workflows online, and started to manage our supplier approval processes through this portal. We give priority to local supply in the regions that we operate.

We Support Social Development

We believe in the necessity of the companies to encourage "voluntarism" for sustainable social development. We pay utmost attention to internalization and proliferation of social responsibility projects we conduct throughout the society. In addition to the economic contributions such as creating employment, tax, growth and generating added value, we also contribute to the social and cultural sustainable development of our operational geography.

In 2011, we continued to add value to society with social responsibility projects we conducted with our employees, authorized dealers and services.

We continued our support for Koç Holding's "Vocational Training: A crucial matter for the nation" project. We have launched Arçelik Electrical Household Appliances Technical Training Program to help support training of the personnel who know the recent technologies and developments in our industry in Turkey. We have established laboratories in 4 vocational schools that train students with the latest technologies.



Standing United for Education Program reached 200,000 students in 60 cities in Turkey. We have launched projects in South Africa, Austria, Russia and Romania to remedy pressing social issues.

We Work for a Sustainable Future

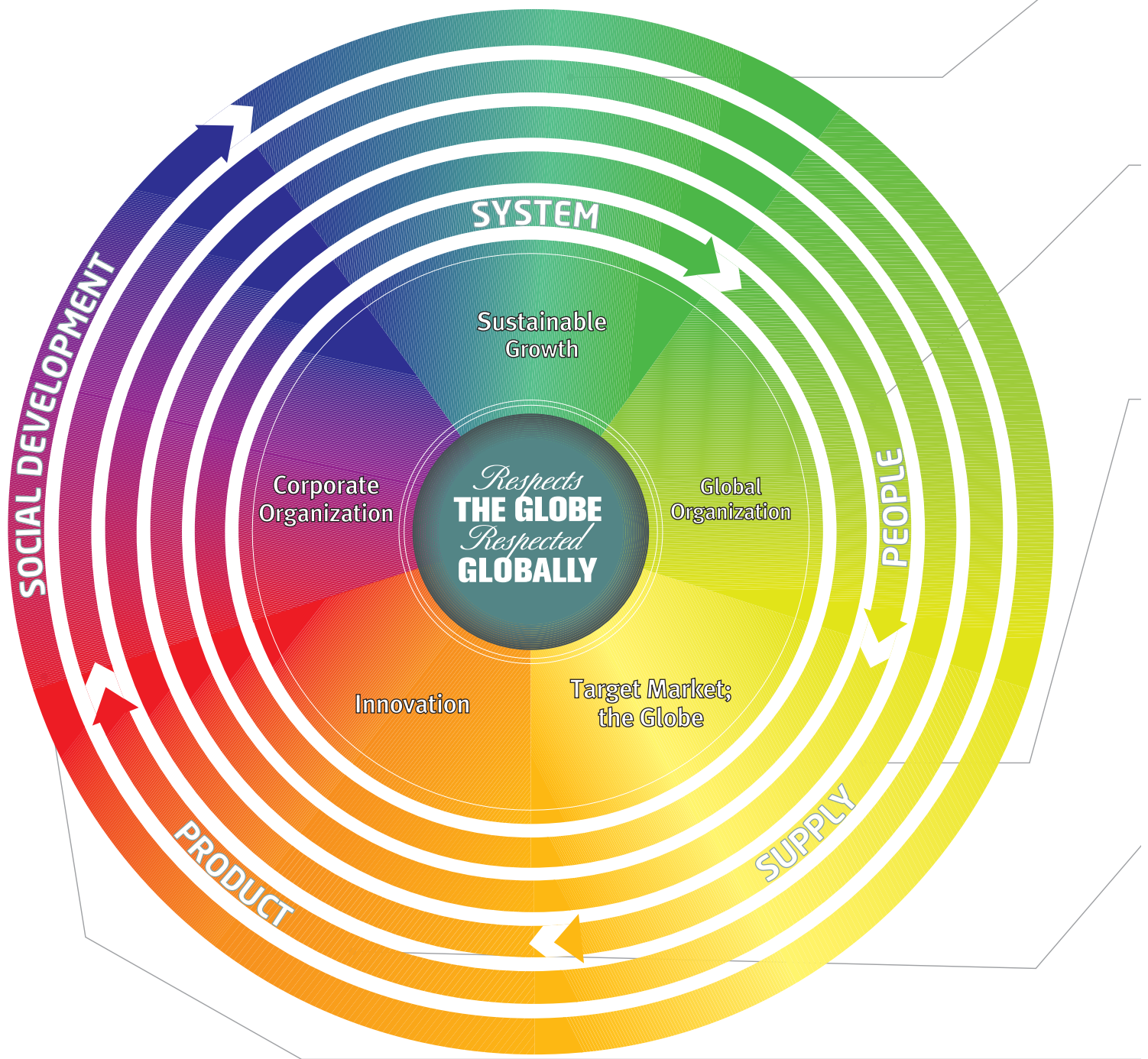
Our report ensures that we transparently inform our stakeholders on how we managed our processes and acted with sustainability principles while we strived for our business objectives. As an indicator of our firm approach in our sustainability activities, we have continued our external audit practice that we initiated in the previous reporting period.

With the responsibility of being a global organization, we will keep working for the sustainability of our company and our world.

I wish to express my gratitude to our employees, authorized dealers and services, suppliers and business partners those who are the indispensable factors behind our company's success and our customers for their confidence in our products and our shareholders who we continuously feel the support of.

Yours Respectfully,

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



We integrate our sustainability strategy focused on five main dimensions; system, people, supply, product and social development into our business objectives.

We Form Efficient and Sustainable Business Processes

- Through 173 energy efficiency projects conducted; we have saved 109,516 GJ of energy.
- Reduced 11,090 tons CO₂ of GHG emissions.
- We have reduced the chemical consumption of the wastewater treatment process of Washing Machine Plant by 34 tons as a result of improvement studies.
- We have recovered 96% of the wastes emerged in production plants.

We Take Strength From Our Global Organization

- We have increased our employee number to 19,213* with new job opportunities.
- We have conducted 306,743 hours of employee training.
- We have conducted 51,464 hours of occupational health and safety trainings.
- We have improved our accident frequency rate by 32% and accident gravity rate by 8% in comparison with 2010.

We Develop Sustainable Supply Processes

- We have worked with more than 1,400 suppliers for direct material purchases.
- Region-wise, we have realized 46% of direct material purchases from Turkey.
- We launched the Supplier Portal project.
- We managed 2 billion Euros of purchasing volume.
- We conducted the Beko Supplier Day in China with 300 participants from 7 countries and 20 companies.
- We formed Supplier Development Unit in order to support the development of suppliers and to execute joint projects more effectively.

We Offer Environment Friendly, Innovative Products Which Make Life Easier and Excellent Services to Our Consumers

- We have spared 18,125,320 TRY to R&D investment and spending to develop environmental-friendly products.
- We have developed the first A++ dishwashing machine which is the least water consuming machine of its class with 6 liters of water consumption.
- We have designed and produced 4 new A+++ energy level refrigerators.
- We have started the production of drying machines which consumes 50% less energy in 7 kg A class.
- We have produced the least energy consuming oven of the world CSM 62520 DWL.
- We have increased the A and B class product ratio in product portfolio to 45% in total production.

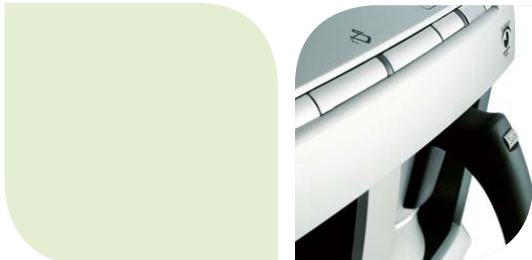
We Support Social Development

- We have provided scholarships to 590 students within the scope of Koç Group's Vocational Training: A crucial matter for the nation project. We have initiated Electrical Household Appliances Technical Training Program in 4 vocational high schools.
- We have reached 200,000 students in 300 boarding schools at 60 cities with Standing United for Education Program.
- Our employees have made 6,637 units of blood donation within the scope of National Blood Donation Campaign of For My Country project.
- We continued our support for sports.

*Total number of employees excluding Defy Appliances Ltd.

Sustainability Journey

2003	<ul style="list-style-type: none"> We adopted Capital Markets Board of Turkey CGP (Corporate Governance Principles) as a benchmark to evaluate our performance.
2004	<ul style="list-style-type: none"> We started to publish CGP Compliance Report both in Annual Reports and our website. Packaging waste compliance in Turkey before the regulations were published.
2005	<ul style="list-style-type: none"> We signed the Code of Conduct issued by CECED. (European Committee of Domestic Equipment Manufacturers) We improved and expand university - industry cooperation studies.
2006	<ul style="list-style-type: none"> We redefined HR policy and procedures according to UNGC; published Arçelik HR Policy and Code of Ethics and Business Conduct and shared it with all our employees.
2007	<ul style="list-style-type: none"> Start of Lean 6 Sigma implementations. Initiated “Work Life Evaluation and Improvement” survey practices in our international manufacturing sites besides Turkey.
2008	<ul style="list-style-type: none"> We published our first Sustainability Report. Full RoHS compliance in Turkey before the regulations entered into force. Arçelik Call Center was entitled as the Best Call Center in its category. According to Nielsen Brand Survey, Arçelik became the first brand coming to mind and the brand to which the consumer feels closest for the last decade.
2009	<ul style="list-style-type: none"> We published “Arçelik Disclosure Policy”. We received our first corporate governance rating as 8.21 out of 10. We restructured our OHS organization. We restructured our HR Department in order to increase efficiency in international operations.
2010	<ul style="list-style-type: none"> We published 2008-2009 Arçelik Sustainability Report in GRI C level. Report according to GRI G3 Principles. Our corporate governance rating has been raised to 8.55 out of 10. After our plant in Russia has been certified to ISO 14001, our certified plant ratio reached to 100%. We achieved to rank at the first place in the “Management” category of the "Turkey Program" of the “European Business Awards for the Environment” and we became one of the top three in the "European Program" of the same award programme. Thus, for the first time, a non-EU country company has succeeded in being a finalist. An agreement between our Company and Turkish Ministry of Energy, UNDP and TURKBESD for cooperation on “Market Transformation of Energy Efficient Appliances” campaign in Turkey.
2011	<ul style="list-style-type: none"> Arçelik A.Ş. Sustainability Report was published in compliance with Global Reporting Initiative principles at B+ level. Our corporate governance rating increased to 8.59 out of 10. We celebrated the 20th year of our Research and Development Department. 7 different R&D centers of Arçelik A.Ş. located in different locations was granted by Turkish Republic Ministry of Industry and Commerce as “R&D Center Certificate”. Arçelik A.Ş. was ranked as the 95th company in WIPO's list of “the top 500 patent filling applicant” companies. We have signed 2°C Challenge Communique as a member and term spokesperson of The Turkish Climate Platform of the Corporate Leaders Group and represented Turkey in UN's 17th Climate Change Conference. Arctic S.A. was granted by Japanese public institution JIPM the “Award for Excellence in Consistent TPM Commitment” becoming the first company in Romania to receive this award. We earned the Verification Certificate given by the British Standards Institution (BSI), an international independent accredited organization, by calculating the company's greenhouse gas emissions in accordance with the requirements of the ISO 14064-1, which aims at measuring, quantifying and reducing greenhouse gas emissions.



About Arçelik A.Ş.

Founded in 1955, Arçelik A.Ş. operates in consumer durables and consumer electronics sectors with its production, marketing and after-sales services. Arçelik A.Ş. belongs to the largest conglomerate in Turkey, Koç Group, which operates in industries - energy, automotive, consumer durable goods, finance. Koç Group is among the first 250 companies of Fortune Global 500 List in 2011 and is the only Turkish company in this list.

Arçelik A.Ş. has 14 production plants throughout the world; in Turkey, Romania, Russia and China. The Company provides products and services to its consumers in more than 100 countries with sales and marketing offices in 20 countries and 10 brands (Arçelik, Beko, Grundig, Defy, Altus, Blomberg, Elektribregenz, Arctic, Leisure, Flavel).

While maintaining its leadership in white goods, air conditioning and LCD TVs in Turkey, Arçelik A.Ş. continues its rapid growth in the global arena. Arçelik A.Ş. is the third largest company in its sector in Europe. The Company's Beko brand is one of the top 3 brands in Europe in white goods sector. Aside from its domestic leadership, Arçelik A.Ş. is also the leader in Romania with its Arctic brand, and South Africa with its Defy brand.

Arçelik A.Ş. is one of the key players of its sector in Turkey and abroad thanks to pioneering and environmentally-friendly products produced with its own R&D, cutting-edge technology, its global brands, strong work force, large network of authorized dealers, services and suppliers.

Arçelik A.Ş. collects several awards from internationally acclaimed institutions thanks to its innovative technology, high quality products and production plants. In 2011, Arçelik A.Ş. achieved a consolidated turnover of 8.4 billion Turkish lira and obtained an international sales volume of 4.4 billion Turkish lira.

Being the clear leader in patent applications in Turkey, Arçelik A.Ş. holds more than one third of the international patent applications to WIPO (World Intellectual Property Organization) that are originating from Turkey. Arçelik A.Ş. is the only Turkish company, among the first 500 PCT (Patent Cooperation Treaty) filing companies listed by the World Intellectual Property Organization, ranking 95th.

Arçelik A.Ş., in line with its corporate vision "Respects the Globe, Respected Globally" focuses on the importance of becoming an ever-growing global brand, and developing environmentally-friendly technologies by using natural resources effectively.

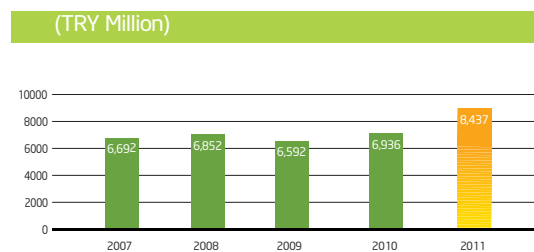
Arçelik A.Ş. continues to manufacture energy and water efficient products with a competitive edge and pioneering products including the "first"s and "most"s in the sector, thanks to the technological capacity reached as a result of a 20 years of expertise in R&D.

With more than half a century of experience in the industry, Arçelik A.Ş. has consistently contributed to "Sustainable Development" by pioneering social and environmental activities in countries where it operates, in addition to creating economic value through employment, growth and added value.

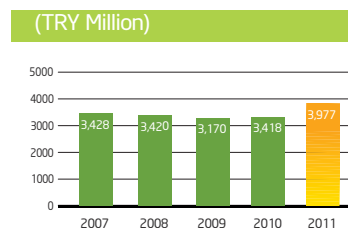
For further information please visit: www.arcelikas.com



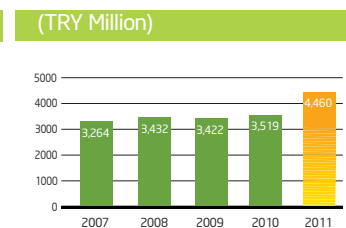
Net sales



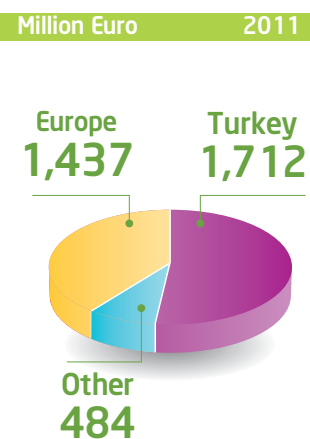
Net sales - Turkey



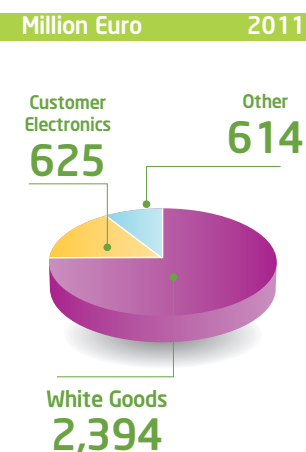
Net sales - International

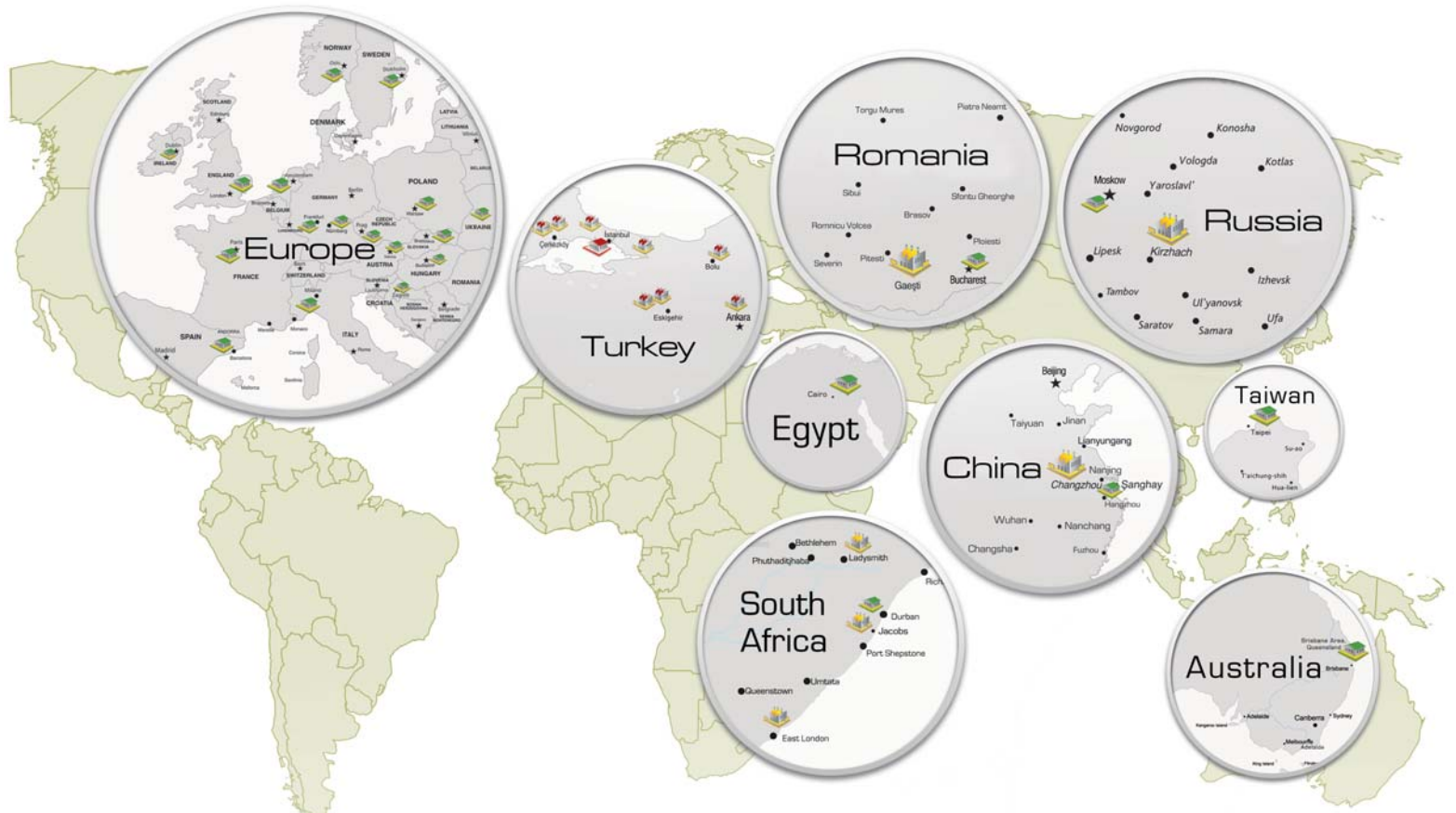


Regional Distribution of Net Sales



Net Sales by Product Group





Headquarters
Turkey/Istanbul



Production Plants - Turkey
Eskişehir, Turkey
İstanbul, Tuzla, Turkey
İstanbul, Beylikdüzü, Turkey
Bolu, Turkey
Ankara, Turkey
Tekirdağ, Çerkezköy, Turkey
Eskişehir, Turkey
Tekirdağ, Çerkezköy, Turkey

Refrigerator Plant
Washing Machine Plant
Electronics Plant
Cooking Appliances Plant
Dishwasher Plant
Electric Motors Plant
Compressor Plant
Tumble Dryer Plant



Production Plants - International

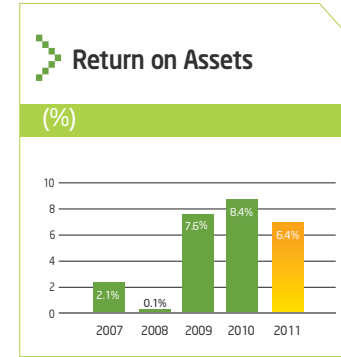
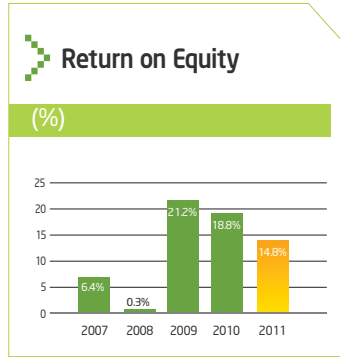
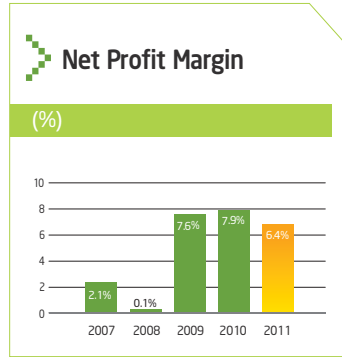
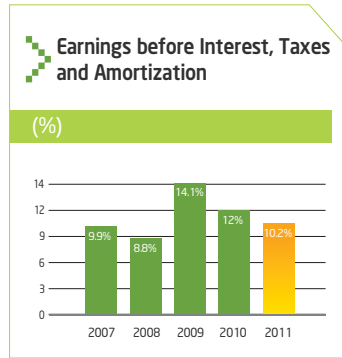
Romania SC Arctic SA
Rusia Beko LLC
China Changzhou Beko Electrical Appliances Co. Ltd.
South Africa Jacobs Cooking Appliances and Tumble Dryer Plant
South Africa Ezakheni, Ladysmith Cooling Appliances Plant
South Africa East London, Refrigerator Plant



International Sales and Marketing

Germany Beko Deutschland GmbH
Austria Elektra Bregenz AG
Czech Republic Beko S.A. Cesko
China (Shanghai) Beko Shanghai Trading Co.
France Beko France S.A.
UK Beko Plc.
Spain Beko Electronics Espana S.L.
Italy Beko Italy S.r.l
Slovakia Beko Slovakia S.R.O.
Poland Beko S.A.
The Netherlands Grundig Multimedia B.V.*
Australia Beko A and NZ Pty Ltd.
Taiwan Ardutch B.V.
Romania SC Arctic SA
Russia Beko LLC
China Changzhou Beko Electrical Appliances Co. Ltd.
South Africa Defy Appliances (PTY) Ltd. **
Egypt Beko LLC
Ukraine Beko LLC

* Established in Holland, Grundig Multi Media is a Holding company with 10 subsidiaries.
** Defy Appliances (PTY) Ltd.'s headquarters is located in the city of Durban, Jacobs, USA.



system



We Form Efficient and Sustainable Business Processes

As Arçelik A.Ş. we attribute our globally respected position to our profitable, long term and sustainable growth as we enlarge our economical sphere and create added value for stakeholders while leaving behind a positive track. The shortest way to this end is to form your working principles, operation system and processes in the direction of accurate objectives right from the beginning and not to compromise your goals.

Our working culture, which is shaped by a sense of responsibility, is the most valuable legacy that leads us to success since our foundation. In order to foster this legacy constantly, we make use of a governance model shaped around profound ethics and management understandings; starting from the first phases of investment, we form efficient and sustainable business processes not only in terms of operations and profitability but also considering their social, economic and environmental impacts. The efficient use of resources such as materials, energy and water, which are the focal points of improvements realized in our business processes, is the major component of our strategy in combating the primal concern of our times, climate change.



Robust Governance for Sustainable Growth

As a member of Koç Group, one of the long-established organizations in Turkey, the most valuable legacy that Arçelik A.Ş. carries on from its more than half a century long history to the present, is the continuous development and institutionalization oriented working culture with superior ethics and management approach. Our goal is to enrich this legacy, which enabled us to reach our current status via modern management principles and systems and carry it into the future. To reach goal, we operate with a robust corporate governance a responsible understanding of sustainability and supreme standards and systems.

Corporate Governance

The principles defining our corporate governance understanding, which aims to sustain and improve our managerial success and respect from our stakeholders, are; accountability, responsibility, equality, openness and transparency. We continuously develop the organization and practices that we form in the light of these principles, and increase our corporate governance performance. The most significant indicator of the progress we made in this field is the improvements of our corporate governance rating from 82.09% in 2009 to 85.53% in 2010 and to 85.91% in

2011, and the pursuant acceptance to the ISE Corporate Governance Index.

Arçelik A.Ş.'s management structure is a single stage system based on a Board of Directors selected by the General Assembly among shareholders. The only executive member in the Board of Directors is the General Manager and there are no independent members. All members of Arçelik A.Ş. Board of Directors are responsible for the economic performance of the company. The executive responsibility for the social and environmental performance on the other hand, belongs to the General Manager. The offices of the General Manager who is at the top of executive body and of the Chairman of the Board are held by separate individuals.

In order to conduct its duties and responsibilities in a healthy manner, Arçelik A.Ş. Board of Directors benefits from various specialty committees. For this purpose, there is the Audit Committee, comprised of two non-executive Board members.

There is a Corporate Governance Committee which presents suggestions to the Board of Directors regarding compliance with and

improvements upon Corporate Governance Principles and is comprised of 2 non-executive Board members and an Assistant General Manager.

Moreover, in order to determine the operational, strategic, financial and other risks and manage them in compliance with company's corporate risk taking profile, Risk Management Committee was founded with the participation of 4 non-executive Board members. With the participation of 4 non-executive Board members and the General Manager- the executive member-, Investment and Business Development Committee was founded in order to plan the strategic tendencies regarding company operations and support the Board of Directors in following the decided practices and investments. General principles for foundation, working, meeting and reporting of all committees were determined by, the Board of Directors.

For detailed information regarding Arçelik A.Ş.'s corporate governance structure, members of the Board of Directors and top management, you can visit the "About Arçelik A.Ş." and "Investor Relations" tabs at www.arcelikas.com.



Risk Management

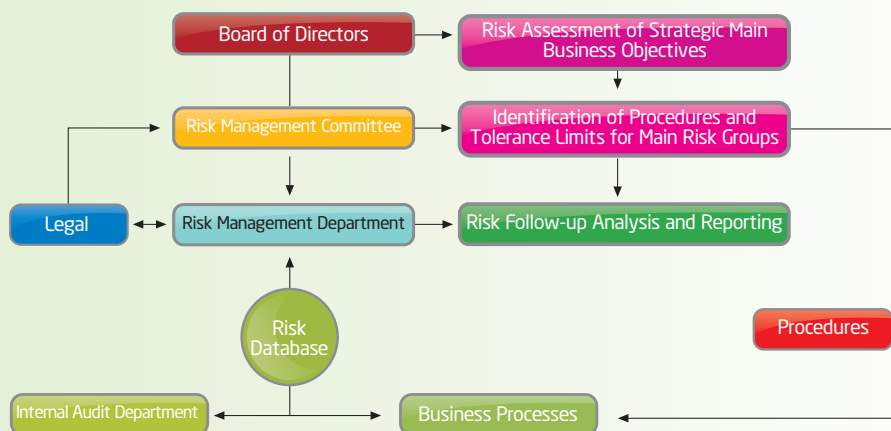
In Arçelik A. Ş. risks are managed with a holistic approach. The strategic, operational, financial and other aspects posing risk for our short and long term objectives are evaluated, in every level of the organization starting from the Board of Directors. With regard to this, the Risk Management Committee was founded in order to determine and evaluate risks, to calculate their impacts and likelihood, to manage and report them, to take them into account in decision making, to form active internal control systems and to make suggestions to the Board of Directors.

In line with the evaluation of and decisions taken by the Board of Directors regarding the strategic risks, Risk Management Committee determines the procedures regarding major risk groups, which will be applied in integration with relevant business processes. Process managers apply these procedures within their workflow routine. "Risk Management Department" which is organized within the company provides technical supports to process managers to manage risks, follows the emerging risks and ensures their analysis and reporting.

At Arçelik A.Ş. the internal control practices are managed by Internal Audit Department organized under Assistant General Manager, Finance and Accounting. The Audit Committee follows the functioning and efficiency of the control system.



Risk Management Organization and Responsibilities



Sustainability Management

Forming a sustainable, responsible and accountable business model is a significant part Arçelik A.Ş.'s business strategy. Henceforth, we monitor the social, economic, environmental and ethical aspects of our operations in line with our business objectives, manage them with corporate policies, pursue improvement studies in accordance with stakeholder expectations and performance achievements, and share the outcomes we get with the public.

In the management of corporate sustainability, we adopt a risk-based and holistic approach. In the reporting period, the materiality study, which was held in the previous period (with the participation of Arçelik A.Ş. Sustainability Work Group where every aspect of our activities and organizational structure is represented), was reviewed with regards to the materiality issues and stakeholder studies. In this study, the social, economic, environmental and ethical dimensions of our activities were examined, risks and opportunities we may encounter and stakeholder expectations were evaluated.

As Arçelik A.Ş. we evaluate and manage our sustainability performance under 5 focal points: System, People, Supply Chain, Product and Social Development. The issues we prioritize within the scope of sustainability management were determined as contribution to local economies, total quality management, corporate governance and business ethics, green approach in business processes, human rights in the workplace, talent and performance management, occupational health and safety, sustainability in procurement processes, innovative and environment friendly products, product information, development in sales and after sales services, and contribution to social development.

The infrastructure of our sustainability management is constituted by focal point-based policy documents. Thanks to these documents, particularly Ethical Values, Environment Policy, Quality Policy, Work Health and Safety Policy, Human Resources Policy, Supplier Working Conditions and Public Disclosure Policy which define working principles and procedures, we conduct sustainability management and realize performance improving studies.

Our stakeholders can access Arçelik A.Ş.'s corporate policy documents at "Investor Relations," "Sustainability," "Human Resources" and "Purchasing" tabs of the corporate website www.arcelikas.com.

Sustainability Management Approach



Arçelik A.Ş. Management System is the sum of workforce and workflows organized towards the corporate vision. We employ various standards and methodologies to increase the efficiency of management system. While we form our working systematic in all our facilities, we adopt standards such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 17025 Laboratory Management System and methodologies such as Product Lifecycle Management (PLM), Total Productive Maintenance (TPM), Six Sigma. We manage these standards and methodologies in an integrated manner under the EFQM Excellence Model's umbrella. We use variety of central systems and softwares such as Document and Process Management Software (QDMS) which is unique to Arçelik A. Ş. and work upon the company's intranet (ARPORT). We evaluate the realizations we get as a consequence of the target-based studies with a performance measuring system formed with objective criteria; and present the findings to our stakeholders in line with accountability and transparency principles and via tools and methods determined by our public disclosure policy. We employ the feedbacks we obtain to develop our strategic directions, systems, processes, products and practices.

As a matter of its working principles, Arçelik A.Ş. pursues its practices in total compliance with all legal regulations regarding activity processes and product quality. Apart from the legal regulations, we also comply with voluntary codes, initiatives and regulations determining working principles and product qualities regarding social, economic and environmental aspects at sectoral, national and regional levels.

In 2006, Koç Holding became a signatory of UN Global Compact. As a Koç Holding subsidiary, Arçelik A.Ş. complies with the UN Global Compact.

Apart from our corporate practices, we also follow the working principles of Global Compact in the supplier evaluation processes.

In Arçelik A.Ş. domestic and overseas production plants have been audited based on the criteria of BSCI (Business Social Compliance Initiative) and Sedex (Suppliers Ethical Data Exchange), which are used commonly across the European Union, by an independent auditing firm and received compliance reports.

Arçelik A.Ş. holds 37 national and 7 general compliance certificates with regards to its product qualities. A major part of the content of these compliance certificates is formed by products' environmental and social impact. Besides, as an active member of European Committee of Domestic Equipment Manufacturers (CECED) Arçelik A.Ş. has been complying with European Union's relevant directives and participating in stakeholder dialogues for cohesion of the Turkish regulations.

In this regard, we comply with the Energy Using Products Directive (EuP), Waste Electrical and Electronic Equipment Directive (WEEE), Restriction of Hazardous Substances Directive (RoHS) and EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations.

For detailed information regarding the directives Arçelik A.Ş. complies with, you can visit the "Sustainability" segment at www.arcelikas.com.

As Arçelik A. Ş., it is our responsibility to prevent the negative impacts of our activities on the physical integrity of our operational field and neighboring environment, and the various species and humans living on it. In this regard, we take all the necessary precautions with care and responsibility. We start to discharge this responsibility right from the beginning, in the selection of production locations. When we establish a new production plant, or

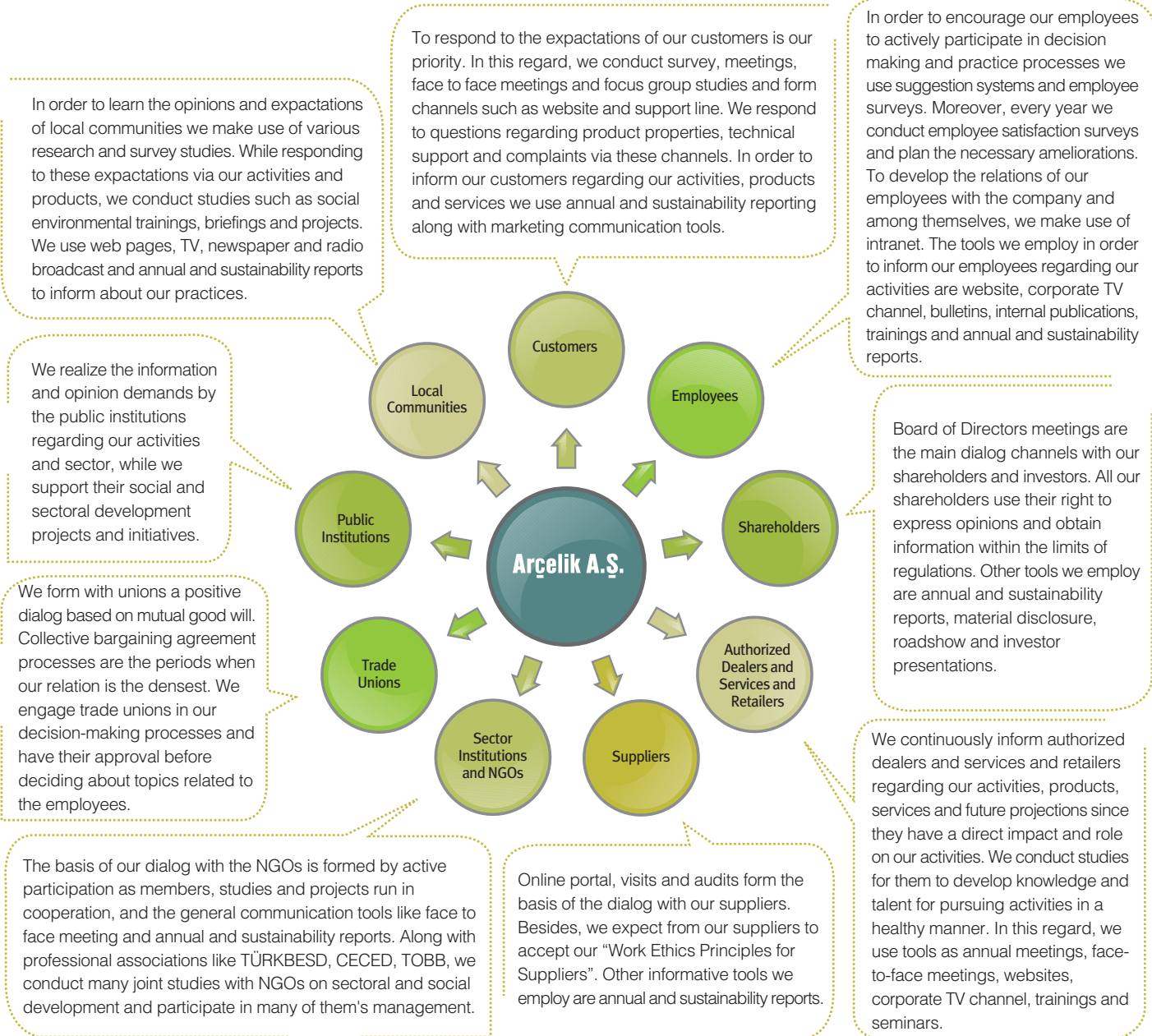
conduct a new physical investment, within the feasibility process, we make the impact-risk analysis of the planned investment in addition to the social and physical advantages it will generate, and ensure the appropriate investment conditions in accordance with the research results. As a result of these studies, we avoid the negative impacts of our activities on soil, water resources and species habitating in them, while preventing the negative social and physical impacts on humans.

Due to our field of activity, our operational plants reside in locations determined to be appropriate for industrial production. Hence none of our facilities reside at natural protected areas, special environmental areas or RAMSAR areas determined by laws or international agreements. There are no locations of this kind within the impact area of our plants. Our activities do not cause any significant impact upon biodiversity or natural habitats, thanks to our location selections, tight precautions we take and environmental impact reducing studies.

We attempt to raise the biodiversity value of our impact areas via protection and improvement works we pursue to develop natural environment. In this regard, in Istanbul Kemerburgaz we established an "Arçelik A.Ş. Memorial Forest" planting 6,500 saplings. Besides, we are conducting studies to prevent light pollution for its negative impacts on the ecosystem. In this regard, we realized a project to change the wavelength of the exterior lightning of our plants. In addition to these studies, our practices on chemical substance usage and emission reduction have positive effects on biodiversity.

Dialogue with Stakeholders

In Arçelik A.Ş. we adopt a transparent, accountable and participatory management understanding and by forming a constructive and open communication platform, we evaluate the expectations and suggestions of our stakeholders as a valuable component to the development of our management decisions and practices. To realize this we constitute channels to ensure the dialogue with our stakeholders. In determining the structure and practice frequency of these channels, we acknowledge the characteristics of our stakeholders and their position in our practices as our basis.



FOUNDATIONS	PARTICIPATION
European Committee of Domestic Equipment Manufacturers (CECED)	Membership to General Assembly with other memberships
Foreign Economic Relations Board (DEİK)	Membership to General Assembly in various business councils and High level representation with various memberships
Electronic Equipments Manufacturers' Association (ECID)	Vice Presidency and Membership to General Assembly
Foundation for Heating, Cooling, and Air Conditioning Membership to Board of Trustees Research and Education (ISKAV)	Membership to Board of Trustees
Turkish Electro Technology (TEİT)	Chairman of the Board
Istanbul Foundation for Culture and Arts (IKSV)	Membership to Board of Trustees
Istanbul Mine and Metals Exporters Unions (IMMIB)	Coordinator Chairmanship
Istanbul Chamber of Industry (ISO)	Memberships to Professional Committees, Chairman of the Board, Membership to Environment Technical Committee
Turkish Quality Association (KALDER)	High level representation with various memberships
Personnel Management Association (PERYÖN)	Membership to General Assembly
Turkish Climate Platform of the Corporate Leaders Group on Climate Change	Term Spokesperson
Chambers of Industry and Commerce	Membership to General Assembly and Professional Committees
Turkish Confederation of Employer Unions (TİSK)	Provincial Representative
Turkish Electronic Industrialists Association (TESİD)	Secretary General, Membership to Environment Technical Committee
Turkish Industry & Business Association (TUSİAD)	High level representation in 12 different working group and Membership to General Assembly
Turkish White Good Manufacturers' Association (TÜRKBEŞD)	High level membership
Turkish Informatics Foundation (TBV)	High level representation
Turkish Foreign Trade Association (TURKTRADE)	Chairman of the Board
Turkish Exporters Assembly (TİM)	Membership to General Assembly
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Chairman of Household Appliances Board and high level representation in sector board
Turkish Investor Relations Association (TÜYİD)	Founding Member

As Arçelik A.Ş. we are member of various organizations such as associations, foundations, research institutions, unions and sector chambers. Through various platforms, we meet with stakeholders in order to seek solutions for social, environmental and industry development issues. Via these platforms, work meetings are held, project groups are organized and reports are prepared. Information is disclosed to the public and to the related authorities through NGOs as the representative of all stakeholders.

Green Approach in Resource Management

Developing efficient and sustainable business processes and continuous improvement of our performance in this field have a pivotal place in our business strategy. For realizing this, we always keep one major question in our mind: "How we can produce more by allocating even fewer resources?" The efficient use of resources means consuming less energy, water and raw material in every process. The increasing of the efficiency in resource consumption is important for many dimensions of our activities. By using fewer resources, we can increase profitability, develop our corporate sustainability performance, and produce less emissions, wastewater and waste. Most significantly, by using fewer resources we can take the most fundamental step in combating the climate change, the most important problem of our day.

Combatting Climate Change

The reason for the increase of greenhouse gas (GHG) in atmosphere which causes the climate change is emissions arising from energy consumption. The increase in energy consumption due to population growth causes our planet to become unable to level its sensitive balance with its own natural possibilities. The climate change is not only an environmental threat but also a social and economical one. At Arçelik A.Ş. we take climate change as a significant risk to the future of the world and the sustainability of our company, and as a responsible corporate citizen we pursue firm-level studies in combating this problem. We focus our combating climate change strategy, which is the biggest component of our environment management, into 3 main points: to continuously increase resource efficiency in all operational processes from supply to distribution; to provide our customers with green products that has the highest water and energy saving values; to conduct awareness raising informing studies regarding climate change and to support solution initiatives.



COP17/CMP7
UNITED NATIONS
 CLIMATE CHANGE CONFERENCE 2011
DURBAN, SOUTH AFRICA



Arçelik A.Ş. has become a member of Climate Platform in May 2011, which is founded as an independent and non-profit initiative by Regional Environment Center Turkey (REC) and TÜSİAD (Turkish Industry and Business Association) collaboration, to support the studies that combat the climate change and the transition to low carbon economy. This platform's Turkish Climate Platform of the Corporate Leaders Group term spokesman is Arçelik A.Ş.'s CEO Levent Çakıroğlu.

As a result of the fact that Kyoto Protocol's first commitment period was to end in 2012, which is the most important formal document that regulates the international climate regime, how the new climate regime was going to be formed was discussed in World Climate Summit in Durban, South Africa. Levent Çakıroğlu, the CEO of Arçelik A.Ş., represented Turkey as the term spokesman of Turkish Climate Platform of the Corporate Leaders in United Nations 17th Conference of the Parties on Climate Change, which was conducted with the participation of government representatives, international organizations and NGOs from 190 countries. Speaking in the panel named "Towards Rio +20, Business Leaders Build the Change," Levent Çakıroğlu shared his opinions regarding the role and leadership of private sector in green development. He also participated in Global Business World Day which was conducted within the scope of the summit by World Sustainable Business Council. He spoke in the panel themed "Why the Business World Should Be the Driving Force for Environment?" and named "Carrying on with Action: Development for the Business World and Everyone".

Arçelik A.Ş., which in line with its "Respects the Globe, Respected Globally" vision supports the national and international projects carried out by business world that aim reducing climate change impacts, has signed in 28 October 2011 the 2°C Challenge Communique.

Arçelik A.Ş. takes climate change as a significant risk with environmental, social and economic dimensions that endangers the sustainability of the world and continues to support local and international projects in this regard. Thus, Arçelik A.Ş. signed 2°C Challenge Communique which was prepared by Corporate Leaders Network (CLN), which was signed by over 200 company directors of different sectors from 29 countries.

Arçelik A.Ş. combats climate change at all levels of the company. A team comprised of 12 Arçelik A.Ş. employees climbed Africa's highest mountain Kilimanjaro to draw attention to global warming. The climb to the mountain, which has lost 85% of its icecaps since 1912, was conducted in 17-25 September and the team was comprised of Arçelik A.Ş. employees from Turkey, Russia, Germany, Romania and France.



Environmental Management



As a principle, “an environmental approach throughout the project life cycle” defines our general outlook on environmental management. Therefore, we aim to minimize the environmental impacts of all our processes from raw materials to product consumption. Efficiency in resource consumption is our prime focus in these efforts.

We run the management of environmental impacts resulting from production processes by way of procedures defined by national and international systems and standards and an organizational structure that is in charge of environmental management. Arçelik A.Ş. Environmental Policy defines the main framework of our environmental management. ISO 14001 Environmental Management System Standard, which is integrated with ISO 9001 Quality Management System Standard, forms the basis of strategies formed in line with this policy.

For more detailed information on Arçelik A.Ş. Environmental Policy, you can visit [http:// www.arcelikas.com/page/211/Urun_ve_Uretimde_Cevreci_Yaklasim](http://www.arcelikas.com/page/211/Urun_ve_Uretimde_Cevreci_Yaklasim)

The quality of Arçelik A.Ş.'s environmental management has been certified by its success. Arçelik is the winner of “European Union Environmental Awards 2010: Turkey Program: Management” category and a finalist for “European Union Environmental Awards 2010: European Program: Management” category. The success of our environmental management policy was featured in United Nations Development Program's 2011 report “Development Stories from Europe and Central Asia” and Arçelik was the only Turkish private company in this report.





Our Central Energy and Environment Department leads our environmental management practices. Arçelik A.Ş. Environmental Coordination Board operates with monthly meetings under the leadership of the Directorate and is attended by staff in charge of environmental aspects all production and non-production processes. Within the framework of the Board's practices, roadmaps are defined in line with developments regarding the environmental and technological innovations, and environmental management practices are supervised.

By reflecting the goals identified in line with environmental policies and business strategies onto personal performance indicators, environmental management organization enables the active participation of all employees. The Central Energy and Environmental Department helps the realization of targets, ensures compliance with all national and international legislations as well as other systems and standards Arçelik A.Ş. follows, forms new action plans with results produced and executes all legal procedures.



In addition to external auditing conducted by independent institutions, regularly conducted internal auditing guarantees the efficiency and continuity of environmental management system. All our environmental activities and performance results are reported regularly to Arçelik A.Ş. upper management and to our stakeholders.

Environmental Trainings

The fundamental element in the improvement of environmental performance is environmental awareness of employees. We engage our subcontractors and interns alongside our employees in our environmental training practices. All our employees and interns go through a wide-range orientation program upon their recruitment. In the course of these programs, training is provided on environmental awareness and Arçelik A.Ş.'s environmental management policies.

In 2011, our employees received 15,904 person*hour training on environmental and energy management systems, carbon management, environmental legislations, chemicals management, emergency protocol, waste management and hygiene issues. On these issues, our subcontractors and interns received 303.6 person*hour training in addition to 255 person*hour training on social responsibility.

Resource Use at Production Plants

Efficiency in Material Use

We use raw materials and materials provided by our suppliers and subcontractors in the production processes. We register and monitor this consumption in product basis through computer-supported systems. As a result, we are not only able to keep our material flow costs under control but also implement projects focused on the usage of materials thereby ensuring resource efficiency.

Raw materials and other materials use in production plants in Turkey for the year 2011 (tons)

Raw Materials	
Plastic	74,493
Metal	295,863
Other(1)	192
Materials(2)	304,404
Chemicals (3)	7,479
Total	681,431

- (1) The figures stated are values pertaining to the isolation raw material use.
 (2) The values stated cover every kind of material and semi-finished product employed as part of finished products.
 (3) The values stated include adhesives, lubricants, paint, enamel, operational and all other kinds of chemicals.

CFC use table

CFC12 ended	R134a Started	R600a Started	R600a Continued to be used
1995	1995	1997	2011

In 2011, we reduced our resource consumption by implementing projects aimed at enhancing our efficiency regarding the use of materials. For instance, the plastic package improvement project resulted in reducing the sum of shrink package used at all of our facilities by 334 tons and ensured a 27% reduction in total.

Another environmental aspect of material use is the impact of the chemicals used in products and processes. In that respect, we are taking the necessary measures to comply with the EU Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which took effect in 2007. To this end, we cooperate with industrialists, manufacturers, subcontractors and other stakeholders. Moreover, Arçelik A.Ş. was the first home appliances manufacturer to produce the first CFC free refrigerator in Turkey 11 years before the actual 2006 deadline set for Turkey within the framework of the Montreal Protocol designed to limit the use of the substances depleting the ozone layer.

Water Use and Recovery

In 2011, one of the main inputs of our production processes is water. We met 28% of our water necessity, from wells, while meeting 72% of our water necessity from municipal water sources.

Total Water Withdrawal by Source (m³)

	2009	2010	2011
Wells	374,187	436,176	406,583
Municipal Water	927,311	973,574	1,070,899
Total	1,301,498	1,409,750	1,477,482

In 2011, our plants in Turkey enjoyed 15% production increase on average in production quantity. In spite of this development, the total water consumption increase was limited to 4.8% and consequently withdrawn 1,477,482 m³ of water in total thanks to the improvement and recovery projects carried out.

As a result of the recovery projects completed in 2011, we managed to recover 12,900 m³ of water in total. At our Washing Machine Plant, we successfully recovered 12,000 m³ of water by treating the product function testing water at the ion exchanger units and using that water for the dyeing facility processes. At our Electronics Plant, we recovered 900 m³ of water by recovering the condensed water from the air-conditioning centers.

In addition to these, there are water recovery projects which we are currently working on or which are still

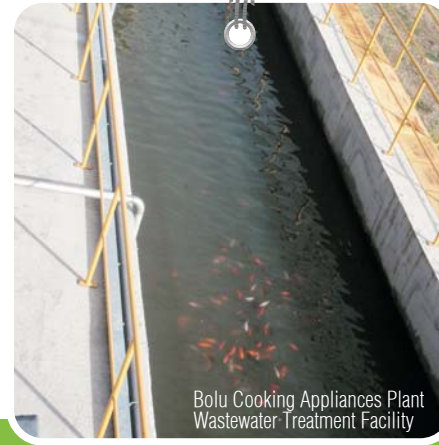
underway. For instance, a project has been launched to recover 50 m³/per day part of the discharged water from the wastewater treatment facility of our Cooking Appliances Plant. The water recovered will be used in the toilet tanks and the project will be completed in 2012. We have also begun to work on a preliminary study for a project aiming to recover the water from our Biological Treatment Facility as well as recovering rainwater at the Washing Machine Plant so that it could be used in a production process. This project will begin in 2012. Thanks to the project, the treated 380 m³/per day water discharged from

the biological treatment facility will undergo advanced treatment processes enabling it to be used in a production process. As part of this project, the rainwater to be collected from the rooftops will also be recovered.

Besides the water recovery projects, we implement projects with a view to reducing water usage as well. For instance, we saved 1,595 m³ of water through an improvement project to reduce the water used by the toilet tanks of our Refrigerator Plant.

Another improvement project was completed at the R&D part of our Washing Machine Plant resulting in saving 944 m³ of water. Moreover, within the scope of the transfer and stockpiling project for the single paint shop, the painting facility with the double lines was provided with two identical production lines while the painting facility with the single line was abolished altogether. The project saved 20,000 m³ of water annually.

The projects focused on the reduction of water consumption eventually resulted in reducing the water consumption per product by over 8.7% for the Tumble Dryer Plant; 7.7% for the Dishwasher Plant; 5.6% for the Refrigerator Plant; 6% for the Compressor Plant and 5% for the Washing Machine Plant.



Water Discharge

In an effort to protect the quality of the ground and surface water resources, to prevent water pollution and avoid imposing a negative impact on biodiversity, we discharge the water from our entire plants only when it has been treated to comply with the water discharge standards at the chemical and biological treatment facilities built in line with the characteristics of the water.

Water Discharged (m ³)	2009	2010	2011
Public Tailrace Connection Discharge	328,421	230,083	303,454
Receiving Systems	135,002	171,770	190,940
Industrial Zone Tailrace Discharge	393,724	422,820	456,848
Total	857,147	824,673	951,242

In 2011, the increase regarding the production quantity in our entire plants in Turkey turned out to be 15% while the total domestic and industrial waste water discharge increase rate was limited to the level of increase in the production quantity.

We check and monitor the compliance of the discharged water quality with the norms set by the legal regulations through periodical analyses and we are also carrying out projects to achieve values even better than the legal limits allowed for the discharged water. Thanks to our approach, the COD (Chemical Oxygen Demand) values pertaining to the water discharged by our plants are considerably lower than the highest legal limit values required in Turkey.

COD values of discharged water (mg/l)				
Plant*	2009	2010	2011	COD Legal Limit Value (mg/l)**
Cooking Appliances	30	22	39	100
Dish Washer	94.8	58.6	106.8	1,000
Electronics	198	44	51	600
Refrigerator and Compressor	17	22	<30	100
Tumble Dryer	130	30	30	1,000
Washing Machine	114	123.6	40	600

*: Since the industrial waste water amount from the Electric Motors Plant is insignificant, it is disposed by licensed disposal facilities in line with the legal regulations. The domestic wastewater from the plant is treated by the wastewater treatment facilities of the Organized Industrial Zone.

** : According to the Turkish legal regulations, the water discharge limit values depend on the properties of the water as well as the receiving environment. COD: Chemical Oxygen Demand

The project for enhancing the efficiency of our wastewater treatment facility at our Cooking Appliances Plant focused on the production of minimum amount of sludge by replacing manual dosing with automatic dosing, which will decrease the consumption of chemicals as well as preventing possible mistakes and overuse of them. Moreover, further effort was shown to bring the chemical oxygen demand (COD) values of the wastewater down to even lower levels. Thanks to all that work, the sludge from the treatment facility was reduced by

22.5 tons in 2011 when compared with 2010.

Automatic oxygen measurements ensured oxygen optimization at our wastewater treatment facility of the Cooking Appliances Plant and the blower used was programmed to cycle automatically. This way, we saved 86 kWh per day on energy.

Within the scope of the cooperation between universities and industry, the following studies were carried out in 2011 at Istanbul Technical University

Environmental Engineering Department as part of an MA thesis titled "wastewater Treatment Facility Performance Improvement at the Cooking Appliances Plant": wastewater pollution load analysis, examination of the wastewater properties in lab, the effect of biological treatment on the elimination of inert organic substances, examination of the current wastewater treatment facility performance and determining opportunities for potential improvement.

System

As part of the improvement projects implemented at our Washing Machine Plant, the amount of chemicals used at the treatment facility was reduced by 34 tons in 2011 when compared with 2010. Furthermore, the wastewater treatment plant benefited from various maintenance and improvement projects too (such as the replacement of the ion exchanger unit resins and nozzles, replacement of the sand filter and hydro-antrasit, replacement of the consumable materials, procurement of a new measurement device etc).

In 2012, as part of the energy efficiency projects to be implemented, the aeration tank blower of the biological wastewater treatment facility is planned to be optimized with the help of an inverter.

Energy and Emission Management

Arçelik A.Ş. energy management is composed of practices such as measurement, monitoring, analyzing and reduction of energy consumption values. Energy Committees established at the plants with the participation of many employees from different disciplines and categories work in collaboration with TPM office and Environmental Coordination Council, hence forming the energy management organization together. Every month the efficiency practices conducted in line with the performance objectives set and their outcome are disclosed to the related stakeholders via company-wide energy reports. We strive to establish a more systematic management structure and are therefore currently working on to comply with the EN 50001 Energy Management Systems Standard published in October 2011.

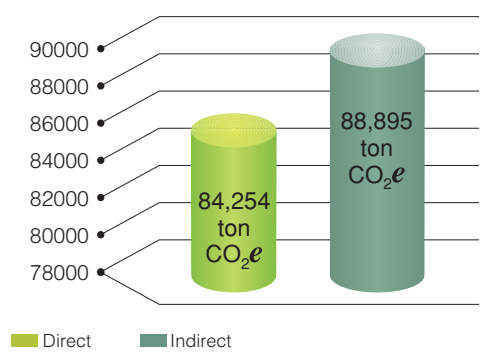
You can find detailed information on Arçelik A.Ş. Energy Policy by visiting the corporate website:

http://www.arcelikas.com/page/209/Arçelik_te_Enerji_Verimliligi

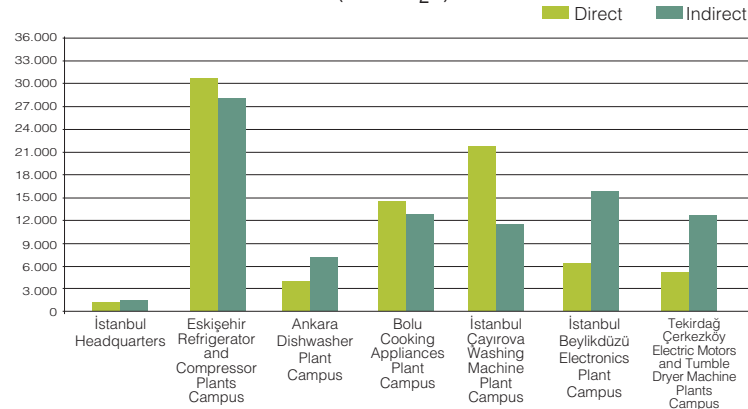
Arçelik A.Ş. fulfills its national legal obligations regarding energy consumption during its processes. In line with the law no.5627 on "Energy Efficiency" issued in 2007, engineers who have participated in an "Energy Manager Certification Program", organized either by the General Directorate on Renewable Energy or a similar authorized institution, are employed at the company plants with energy consumption values higher than the values defined by the aforementioned law.

Our greenhouse gas emissions for 2011 are reported within the framework of the ISO 14064-1 standard and the IPCC 2006 Guidelines are used as the methodology for the related calculations. Our greenhouse gas emission value for 2011 has been audited and verified by an independent accreditation body in accordance with ISO 14064-1 GHG Emission Reporting Standard, at a "reasonable assurance" level. For 2011, the total greenhouse gas emission value of our six campus areas including our entire production plants, storage units, administrative buildings and facilities as well as Arçelik A.Ş. HQ is 173,149 tons CO₂e.

2011 Greenhouse Gas Emissions (ton CO₂e)



Arçelik A.Ş. campus areas greenhouse gas emission direct/indirect emission distribution for 2011 (ton CO₂e)



The emission management of Arçelik A.Ş. not only includes climate change and greenhouse gas emissions but also covers practices for the management of other emissions in order to protect air quality. In this context, all of our plants operate in line with the emissions limit values defined by the legal regulations and within the framework of the emission licenses granted by the public authorities. We disclose our compliance to the defined emissions levels via emissions reports containing the results of measurements carried out by independent and accredited laboratories. We continuously implement improvement projects focused on improving air quality and hence increase our performance in that area. Since 2006, we have replaced traditional dyeing processes with powder coating method, which leads to a reduction in volatile organic compound (VOC) emission, and we have also ensured reduction in other emissions by conducting energy efficiency projects as well as introducing the use of different energy resources.

Arçelik A.Ş. campus areas greenhouse gas emission direct/indirect emission distribution for 2011 (ton CO₂e)

	Direct	Indirect	Total
Istanbul Headquarters	1,090	1,401	2,491
Refrigerator and Compressor	30,628	28,302	58,930
Dishwasher Plant	3,886	7,318	11,204
Cooking Appliances Plant	14,806	12,534	27,340
Washing Machine Plant	21,535	11,284	32,820
Electronics Plant	6,613	15,942	22,555
Çerkezköy Electric Motors and Tumble Dryer Machine Plants	5,695	12,115	17,810
Toplam	84,254	88,895	173,149*

* Datas Include HQ and Campuses of Production Plants in Turkey.

Energy Consumption and Emission Reduction Projects

Despite the average 15% increase in product quantities in 2011, the efficiency projects we carried out limited the energy consumption increase to 8%. While the direct energy increase amounted to 8.8%, the indirect energy consumption increase turned out to be 6.2%. In 2011, the total amount of energy consumed was 1,929,235 GJ.

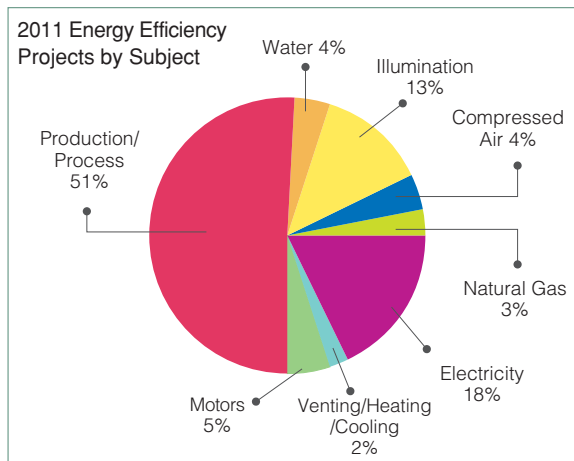
Indirect energy types consumption (GJ/year)

	2009	2010	2011
Electricity	524,158	566,914	602,194

Direct energy consumption (GJ/year)

	2009	2010	2011
Diesel	5,691	9,237	14,408
Fuel Oil	59,969	53,669	56,775
LNG	12,355	0	0
LPG	34,336	55,539	43,272
N. Gas	968,068	1,101,466	1,212,587
Total	1,080,419	1,219,911	1,327,041

Arçelik A.Ş. Plants are “energy efficient” zones. As part of the energy efficiency projects conducted, measuring devices in the consumption sectors are used to measure the energy consumption and question the energy efficiency in that work unit covered. Once the technical and financial aspects of a possible need for an energy efficiency practice has been examined regarding that area, the project is prepared with the approval of the management and is then implemented. The outcome of the energy efficiency projects is monitored by the energy committee.



In 2011 Arçelik A.Ş. Turkey plants completed 173 energy efficiency projects saving 13,688,867 kWh on electricity and 1,748,444 m³ on natural gas; thereby ensuring that 109,516 GJ in total was saved on energy.

Thanks to those projects, the total greenhouse gas emission was reduced by 3,761 tons of CO_{2e} directly and by 7,329 tons of CO_{2e} indirectly, hence leading to 11,090 tons of CO_{2e} reduction in total. Some of those projects are described below:

We switched to efficient illumination systems thanks to the project completed at the Refrigerator Plant to increase illumination efficiency. As part of the project, 1,200 illumination units were replaced with efficient illumination systems, enabling us to save 1,402,694 kWh on electricity annually. The electricity saved prevented 751 tons of CO_{2e} greenhouse gas from being emitted.

At our Electronics Plant, we improved and reconditioned the equipment at the facilities producing the steam we need in our production process. Thanks to the project, we saved 45,360 kWh on electricity and 220,000 m³ on natural gas. The electricity and natural gas saved helped us prevent 496 tons of CO_{2e} from being emitted.

We materialized a project to increase the efficiency of the transfer presses we use in production at our Cooking Appliances Plant. The kaizen work we did and the projects undertaken to enhance speed resulted in 8.3% increase in efficiency while also ensuring that 392,066 kWh was saved on electricity annually. The electricity saved helped us prevent 210 tons of CO_{2e} from being emitted.

Within the scope of cooperation between universities and industry, various studies were carried out in 2011 to determine potential improvement opportunities of the cooling system as part of an MA thesis titled “Plastic Injection Cooling System Optimization” at Yıldız Technical University Mechanical Engineering Department.

In 2010, we realized an energy pré-étude in our 8 facilities in Turkey where the energy management system was examined. After the evaluation by an independent body authorized by Republic of Turkey General Directorate of Renewable Energy, all our plants obtained the “Gold Certificate.” Arçelik A.Ş. is the first and only firm in the world white goods sector to obtain this certificate. We broke our own record and set the bar higher through the improvements we achieved in 2011 when 4 of our plants in Turkey this time obtained the “Platinum Certificate”, which makes Arçelik A.Ş. the first and only firm in the world white goods sector to obtain “Platinum Certificate”.

Arçelik A.Ş. won three prizes in the Sustainable Environmentally Friendly Product and Practice Competition held within the scope of the ISO Environment Awards contest and organized by the Istanbul Chamber of Commerce (ISO) to raise environmental awareness and contribute to the efforts to harmonize the environmental legislation with the EU norms. Operating in line with our vision “Respects the Globe, Respected Globally”, Arçelik A.Ş. Dishwasher Plant received the Large Scale Corporation Sustainable Environment Product Top Prize for its “Cactus” dishwasher and the Washing Machine Plant won the Large Scale Corporation Sustainable Environment Product Second Prize for its “Economist” line washing machines while finally Arçelik A.Ş. Standing United for Education Corporate Social Responsibility Program received the second prize in the Large Scale Corporate Social Responsibility for the Environment Category for the contest organized with the Theme “Environment”.

Integrated Waste Management

An effective waste management appears to be one of the most efficient methods for the protection of natural resources at a time when those resources are constantly on decline. Thanks to the developments in recycling technology and practices, waste management enables the use of materials and raw materials with lower emission rates by reducing the use of primary materials. Due to the reduction in environmental impacts and the efficiency increase in resource use, Arçelik A.Ş. pays utmost significance to an integrated waste management.



The 3R principle (Reduce, Reuse, Recycle) constitutes the main character of Arçelik A.Ş.'s integrated waste management. The order of precedence in the practice processes are evaluated as: avoiding the waste formation, reducing the amount of waste, recycling the waste or recovering the waste as an energy resource while the waste disposal is considered as the last option. The wastes arising from our activities are firstly classified, then gathered at their source with regard to the type of waste and regulations, then transported with appropriate licensed vehicles, later to be recovered in licensed facilities and are finally disposed. The waste treatment is determined with regard to the waste type and legal regulations and only those wastes, which cannot be recovered, are sent for disposal.

Waste Arising from Factories in Turkey in 2011 (tons)

	Recovered	Disposal	Recovery Ratio (%)
Hazardous Waste	1,993	114	94.5
Non-Hazardous Waste	56,019	2,257*	96
Total	58,012	2,371	96

*Mainly domestic waste that cannot be recycled,



Choosing Business Partners for Waste Disposal

In the recycling and disposal of wastes arising from our activities we work with legally compliant and qualified business partners. In the decision process, our technical units audit the qualifications and performance levels of our potential business partners with regard to the legal regulations, Arçelik A.Ş. Environment Policy and environment management system. Only those firms, which can comply with our pre-determined norms, are accepted as business partners. After beginning their services, we audit our business partners, determine areas of improvement for them and monitor their improvement plans and realizations.

Waste Reduction Projects

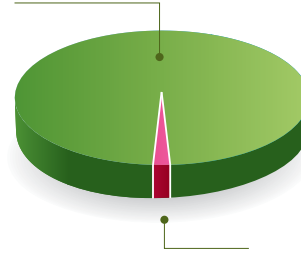
As a result of various projects completed at our Washing Machine Plant, the amount of waste oil went down by 3.7 tons in 2011 when compared with 2010 while the total waste amount was reduced by 429 tons.

At our Cooking Appliances Plant, the undersize scrap over spray enamel was processed once again so that in 2011 49 tons of undersize scrap enamel in total was ready for reuse. Moreover, as a result of the efforts focused on the reduction of black powder coating consumption, which is used on around 60% of the pieces forming the built-in products, the total consumption was reduced by 13.2 tons.

Despite the almost 20% increase enjoyed by our Electric Motors Plant as far as production quantity is concerned,

Waste

Recovered;
58,012 tons



Disposed;
2,371 tons

thanks to the improvement projects realized, the total amount of hazardous waste was reduced by 139.3 tons, which amounts to an improvement level of 23%.

Although the production quantity of our Tumble Dryer Plant went up by over 20%, the improvement efforts shown led to the reduction of the total amount of hazardous waste by 17.3 tons, amounting to an improvement level of approximately 33%.

Our Compressor Plant managed to reduce the consumption of oil by 10.5 tons as part of the projects to reduce oil consumption, which naturally led to a decline in the amount of waste oil produced.



As a result of the practices at our Electronics Plant for the reduction of the waste solder slag, the total amount of solder slag waste was reduced by around 35%. As a result of the projects implemented to reduce the plastic waste produced during the plastic injection process, the total amount of plastic waste caused by this process was reduced from 4% to 0.05%.

Affiliated with Koç Group, Arçelik participates in the Koç Group Recycling Project launched in 2010. Koç Group, a member of the Global Recycling Network, aims to raise awareness among its employees regarding recycling; to ensure the collection and recycling of paper, glass, metal and plastic waste according to a common standard as well as achieving an increase in the total amount of waste collected. Within the scope of the project in 2011, 5.1 tons of domestic glass waste, 120.3 tons of paper, 1.5 tons of

metal waste and 6.9 tons of plastic waste were collected at the Arçelik A.Ş. facilities. Thanks to the amount of the waste collected, 3,728 trees were saved in total.

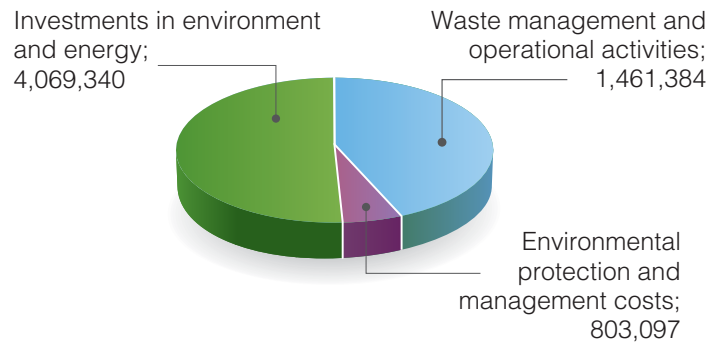
Apart from the projects to reduce waste, "Every medicine saved from thrash, is medicine for the world" campaign was launched on 5 June, the World Environment Day, at our Electric Motors and Tumble Dryer Plants to raise the environmental awareness of our employees and contribute to the proper disposal of the medical waste from houses. Supported by Çerkezköy Official Environmental Authorities, the campaign ensured that the expired medicines were received from the employees' at the collection points set up at the plants, and were later disposed by the licensed companies properly. Work has also begun for the implementation of this project at the other plants.

Environment Protection Investments and Expenses

With regard to the significance we pay to the elimination of the impact of our activities on environment, every year we transfer significant amounts of resource to the environment management and investment processes. Within this scope, we realized 6,333,821 TL environmental investments and expenses in 2011.

The expenses for waste management and operational activities accounted for the 23% of the total environmental costs while environmental protection and management costs amounted to 13% and the investments made in environment and energy management accounted for the remaining 64% of the costs in that area.

Environmental Expenses and Investments for 2011 (TL)



Raising Public Awareness on Resource Consumption

A majority of the environmental impact during the lifecycle of white goods and consumer electronics takes place in their usage process. At the top our activities concerning the reduction of this impact, which is based on resource consumption such as energy and water, is the development of green products. However, to achieve the intended impact, conscious consumers aware of the importance of resource savings and saving methods are also needed. Hence a significant pillar to our climate change strategy is the awareness raising activities we organize for the public.

In drawing the attention of the consumers to energy and water efficient products, the tool we most frequently use is the advertisements. While using this channel, we prioritize the environment friendly qualities of our products.

As Arçelik A.Ş. in 2010, we launched the "Market Transformation of Energy Efficient Products" project jointly with United Nations Development Program (UNDP), Global Environment Fund (GEF), Turkish White Good Manufacturers' Association (TürkBESD), Turkish Ministry of Industry and Commerce and General Directorate of Electrical Power Resources Survey and Development Administration. In 2011, we carried on with this project, which will last to the end of 2014. The goal of the project is to reduce the domestic consumption of electric energy, and therefore reduce the related greenhouse gas emissions, by speeding up the transformation to electrical home appliances consuming less energy.

evüsp

ENERJİ VERİMLİ ÜRÜNLERİN PİYASA DÖNÜŞÜMÜ PROJESİ

Market Transformation of Energy Efficient Appliances in Turkey Project

Republic of Turkey
Ministry of Science,
Industry and Technology

REPUBLIC OF TURKEY
MINISTRY OF
ENERGY AND
NATURAL RESOURCES

TÜRK BESD
Turkish White
Goods Manufacturers

arçelik

GLOBAL ENVIRONMENT FACILITY
20 YEARS
INVESTING IN OUR PLANET

UN
DP

Resource Utilization and Environment Protection Objectives

Environment Protection Objective	Realization Status	Explanation
Reducing water consumption by 5% in at least three plants in 2011	Completed.	Despite the increase in our production quantities, 6.6% water was saved on average in our 5 plants.
Developing water recovery projects in at least two plants in 2011	Completed.	Water recovery projects were implemented in 3 of our plants. The details are on the "Water Usage and Recovery" chapter of this report.
Reducing total energy consumption by 5% in 2011, thereby reducing greenhouse gas emission	Completed.	As a result of 173 energy efficiency projects carried out, 7.4% energy was saved as well as 11,090 tons of CO ₂ e GHG reduction was achieved according to the budget. The details are covered on the "Energy Consumption and Emission Reduction Projects" chapter of this report.
Running an enameling recovery project in 1 plant in 2011	Completed.	In CAP, 49 tons of undersize scrap enamel was recovered for reusing in 2011.
Starting an Arçelik A.Ş. Memorial Forest by planting 4,500 saplings in 2011	Completed.	6,500 saplings were planted in İstanbul Kemerburgaz by WMP and in Eskişehir by RP and CP.
Reducing light pollution by improving exterior lighting in 1 pilot 2011	Completed.	Exterior lighting improvement projects were carried in plant out in three of our plants.
Developing a social project for environment in 1 plant in 2011	Completed.	EMP and TDP held 'Every medicine saved from thrash is medicine for the world' campaign.
Reducing waste amount by 5% as of 2012	Completed.	Approximately 13% waste reduction ratio was achieved.
Realizing a plastic waste recovery project in 1 pilot plant by 2012	Completed.	RP, WMP, EP and CAP reduce the plastic waste amount by reusing the scrap plastic after breaking it.
Setting a system to collect, recover and measure rain water in 1 pilot plant as of 2012	Project in progress.	Feasibility study has been completed in WMP and work has begun to implement the project.
Realizing public awareness raising studies with the "Market Transformation of Energy Efficient Products" till the end of 2014	Project in progress.	The activities for 2011 regarding the project have been completed.

RP : Refrigerator Plant
 DP : Dishwasher Plant
 WMP : Washing Machine Plant
 EP : Electronics Plant

EMP : Electric Motors Plant
 CP : Compressor Plant
 TDP : Tumble Dryer Plant
 CAP : Cooking Appliances Plant

Environmental Protection Objectives for 2012

- Implementing water saving and water recovery projects while making such efforts more widespread in 2012
- Saving 5% on energy through energy efficiency projects thereby reducing greenhouse gas emission in 2012
- Meeting a portion of the electricity consumed from renewable energy resources in 2012
- Establishing and getting certification for Arçelik ISO 50001 Energy Management System
- Continuity of the certificates covering Arçelik ISO 14001 Environmental Management System and ISO 14064-1 GHG Emissions Reporting Standard
- Executing and developing integrated waste management operations
- Implementation of the project to reduce packaging waste
- Establishing a system in 1 pilot plant to collect, recover and measure rainwater
- Undertaking various efforts to raise further public awareness with the "Market Transformation of Energy Efficient Products" project until the end of 2014 carrying on with the social responsibility projects regarding environment.





people



We Take Strength from Our Global Organization

Arçelik A.Ş. is a global organization that conducts marketing activities in 20 countries, provides its products to customers in over 100 countries, employs 19,213 employees and has 14 production facilities throughout the world; in Turkey, Romania, Russia, China and South Africa. We believe that the individual and cultural differences which means 26 different languages and 17 different currencies, create richness and that the common synergy constituted by the totality of these talents form a multiplier effect in the realization of our operational and strategic objectives, hence strengthen us.

As Arçelik A.Ş., in order to ensure sustainability, we provide our employees an egalitarian, fair, safe and peaceful working environment that is compatible with human dignity and present opportunities through which they can develop their occupational skills and talents. Our fundamental expectation from our employees is leading innovation and making a difference by creating added value in line with our sustainable growth objectives and within a collaborative and solidarist culture.



Sustainable Success

In line with our belief that the sustainability of our business depends on the qualified and experienced professionals who will carry Arçelik A.Ş. into the future, it is one of our core responsibilities to provide for our employees a progress-oriented working environment whereby they can feel happy and productive. Our primary approach in carrying out these responsibilities is to be respectful towards human rights and to focus on continuous improvement.

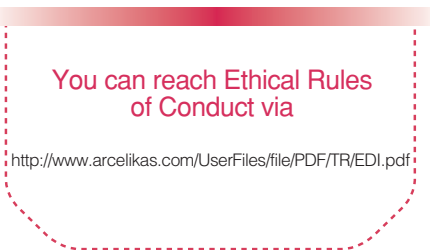
Our Ethical Rules of Conduct, which is based on the fundamental principles addressed by Vehbi Koç, the founder of Koç Group, carries utmost significance to ensure the perpetuity of our system.

- 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,
- Honesty, integrity, and superior business ethics are the foundations of our business conduct.

The effective and healthy application of ethical rules is ensured by the Ethical Conduct Board formed within the body of Arçelik A.Ş.

This board is comprised of the General Manager, related Deputy General Manager, Human Resources Director and Legal Advisor. In 2011, the Board of Ethics received no complaints.

In order for equally effective dissemination of our ethical values to all our employees and ensuring that they are passed on to the next generation, related regulations of our Ethical Rules were revised and declared to our employees in 2011.



<http://www.arcelikas.com/UserFiles/file/PDF/TR/EDI.pdf>

As Arçelik A.Ş., the significance we attribute to working conditions is not limited to our own system. We have set forth our pioneer approach by becoming one of the first signatories of the Code of Conduct on Corporate Social Responsibility prepared by CECED (European Committee of Domestic Equipment Manufacturers). Moreover, through its subsidiaries abroad Arçelik A.Ş. is a member of BSCI (Business Social Compliance Initiative). By joining this initiative, Arçelik A.Ş. accepted to be audited on practices related to legal compliance,

freedom of association and collective bargaining, prevention of discrimination, wages, working hours, occupational health and safety, environment and environmental security, management systems and other relevant social responsibility principles. In line with our respect for human rights approach, all employees within Arçelik A.Ş. are recognized as equals regardless of ethnic background, race, language, religion, age, gender, nationality or disability. Spearheaded by our recruitment policy, this approach is based on principles such as right person for the right job, equal wage for equal job, merit based on success and equal opportunities for all.

Arçelik A.Ş. commits to comply with all laws and regulations regarding equal rights and prevention of discrimination, ensures that the working environment is devoid of discrimination and prevents child and forced labor in line with labor legislation and policies developed in this manner. In case of individual or collective dismissals or reassignments, notice period provisions of respective national labor legislations and collective agreements are applied.



Freedom of Association and Collective Bargaining

At Arçelik A.Ş., we respect freedom of association and unionization rights, which are the most fundamental rights of our employees. With this understanding, we pay attention to the preservation of regular conduct with the trade unions which our employees are registered with and carry out all our responsibilities as defined by legislation and collective agreements. In this regard, to provide better working conditions, occupational health and safety, social benefits such as birth, marriage and education benefits are also included in the collective agreements in addition to the standard obligatory practices and these are followed by utmost care. The local and cultural elements of our operational geography are also taken into consideration in defining these practices.

Percentage of Employees Covered by Collective Bargaining

Collective Bargaining Agreement	Total Number of Employees	Employees Covered by Collective Bargaining Agreement	Employees Covered %
Turkey	14,631	12,454	85
Companies Abroad	4,582	2,380	52

Arçelik A.Ş. is a member of MESS (Turkish Employers' Association of Metal Industries) and its blue-collar employees are members of Union of Metal Workers of Turkey. In November 2010, Collective Bargaining Agreement, which covers 01.09.2010-31.08.2012 period, was signed between MESS and Turkish Metal Trade Union. Regulations regarding Occupational Health and Safety are included in the Collective Agreement.

Employee Engagement

We believe that the sustainability of our success is only possible with the creation of platforms whereby our employees can express themselves and with continuous improvement of the communication channels for them to provide feedback. In this regard, we apply various systems that ensure more active involvement by the employees in working life and effective communication of their continuous feedback and suggestions.

As Arçelik A.Ş. we care about the motivation of our employees. With regard to the practices on employee commitment, which is invariable to top management's agenda, local business plans were formed subsequent to the 2011 Employee Commitment Survey, and project groups and consultancy

committees comprised of top managers were constituted. Project groups are expected to form annual project plans, conduct SWOT analyses throughout the company, develop business plan suggestions and present them to the consultancy committees. In 2012, the operations that are prioritized throughout the company are planned to be actualized. These operations will include topics such as personal development seminars for blue-collar workers, strengthening of internal communication, expansion of the scope of suggestion system, broadening of internal bulletin boards system from white-collar employees to blue collar employees, and diversification of social activities for motivation. The communication of these operations to employees and

assessment of their efficiency will be among the action plans. Actively used by our employees, the Suggestion System seeks to raise awareness among employees and encourage their participation. The employees directly and indirectly present their ideas on every topic, which are to improve the existent conditions. While the evaluation committees assess all the suggestions, practices which will be realized immediately are actualized and the details are studied for the projects which will be designed in later periods. The suggestion system is managed integrated with recognition and appreciation process; our employees earn points with every single suggestion they make and meetings are held to award them.



In 2011, our employees in Turkey operations made 5,990 suggestions and 50% of these suggestions were immediately actualized.

Communication and Exchange Meetings is another practice whereby our employees participate in the company processes. Within the scope of these meetings, which are held in different levels, our employees present their ideas regarding the efficiency of company's main processes and actively support the meeting of core business objectives.

Internal communication channels hold the utmost significance for the constant informing of our employees and their active engagement. For this matter, we continuously inform our employees through different communication channels such as our intranet, our online magazine Aydabir, newsletters, internal announcements, information letters and e-mails. In addition to these practices, we have been realizing projects regarding social media practices in order to increase the efficiency of our communication.

on improving our human resources practices as we grow and conduct practices with which our employees can continuously develop themselves.

For further information regarding our human resources approach and the relevant processes, you can visit: http://www.arcelikas.com/page/13/INSAN_KAYNAKLARI

With our increasing business volume, Arçelik A.Ş. family is also expanding. We have become a more active and successful actor in the global arena thanks to the new talents we have acquired. In the last 10 year our total employee number has tripled. This fact indicates our success in achieving our “becoming a talent magnet” objective.

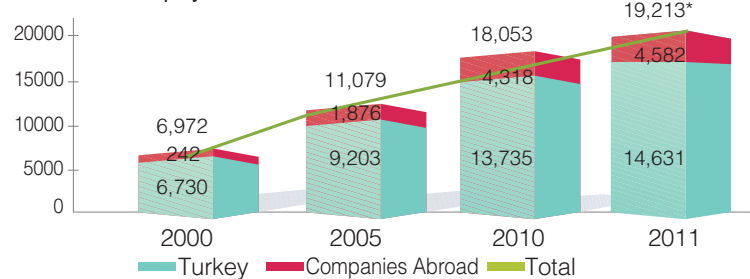
Talent Magnet

It is only possible with our talented workforce to be the “pioneer” in every sphere that we conduct activity. This is how, we, Arçelik A.Ş., make “firsts” and “newests” happen.

With this invariable approach of ours, we not only gather the most talented and experienced professionals but also provide them with the opportunities that would help them develop and actualize their potentials, hence keep them within our body. We support and develop these opportunities with human resources processes, which we systematically form and manage in parallel with our company strategies.

In order to enhance the strength we get from our employees, we employ integrated human resources systems and tools, encourage creative and innovative working environment and attribute importance to potential development and career planning in line with talent management strategy. As Arçelik A.Ş., in parallel with our company strategies, we place value

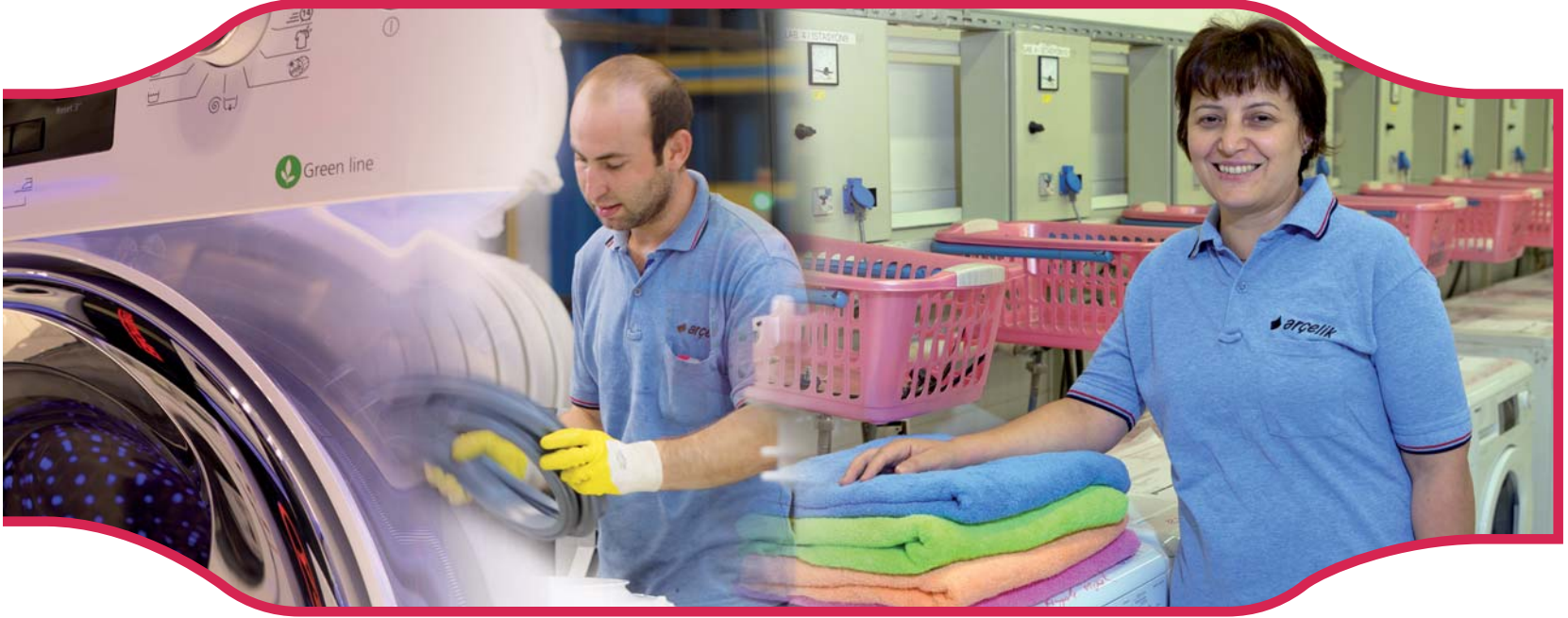
Number of Employees



*As of year end, excluding Defy Appliances

Number of Employees by Contract Type

	Permanent	%	Temporary	%	Total
Arçelik A.Ş. Turkey					
2009	11,804	96.2	460	3.8	12,264
2010	12,910	94	825	6	13,735
2011	13,337	91.2	1,294	8.8	14,631



Number of Employees by Status

		White Collar	%	Blue Collar	%	Total
Arçelik A.Ş. Turkey	2009	1,859	15.2	10,405	84.8	12,264
	2010	2,001	14.6	11,734	85.4	13,735
	2011	2,177	14.9	12,454	85.1	14,631
Abroad	2009	1,055	26.1	2,988	73.9	4,043
	2010	1,051	24.3	3,267	75.7	4,318
	2011	1,154	25.2	3,428	74.8	4,582

Employee Distribution by Gender

Arçelik A.Ş. Turkey	Male	%	Female	%	Total
2009	9,566	78	2,698	22	12,264
2010	10,713	78	3,022	22	13,735
2011	11,412	78	3,219	22	14,631

In Arçelik A.Ş., various methods of recruitment are employed in order to gather qualified professionals, to evaluate employee candidates in a healthy fashion and to place them in the necessary positions. With these practices, while the needed workforce is acquired, the number of potential candidates is increased. As an organization that is conducting international activities, we regard flexibility, managing differences and continuous learning as critical skills.

In this regard, the talents that will join the Arçelik A.Ş. body are expected to have these skills and to be among individuals who can identify with our company culture and values. In the recruitment process, equal opportunities are provided to those who carry the qualities required by the relevant position.

All employees that are recruited in Arçelik A.Ş. and its subsidiaries began working with a salary that is above the local minimum wage. There is no difference between male and female employees in terms of wage levels.

The differences among the wages are determined with regards to the job that is held and the responsibility taken.

For further information about the opportunities provided to our employees regarding wages, compensation and benefits, you can visit http://www.arcelikas.com/page/83/Calisma_Hayati

Employee Turnover by Gender

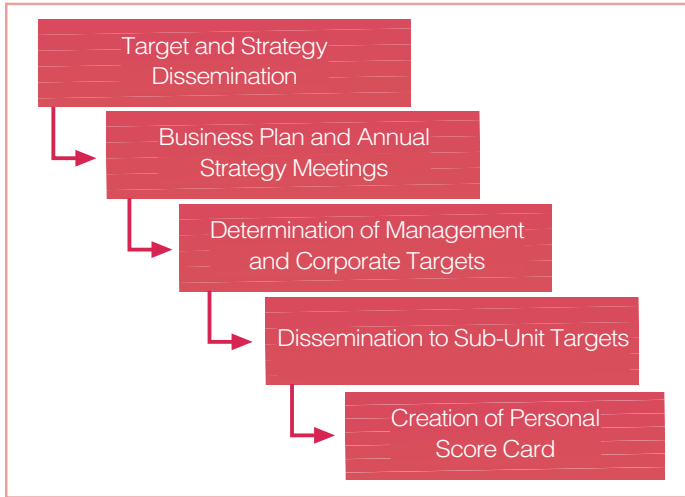
Arçelik A.Ş. Turkey	Male	Number of Leaves	%	Female	Number of Leaves	%	Total Number of Leaves	Total Number of Employees	Total %
2010	10,713	1,177	11.0	3,022	141	4.7	1,318	13,735	9.6
2011	11,412	1,700	14.9	3,219	223	6.9	1,923	14,631	13.1

Employee Turnover by Age

Arçelik A.Ş. Turkey	<30	%	<30-50>	%	>50	%	Total
2010	371	28	909	69	38	2.9	1,318
2011	1,336	69	547	28	40	2.1	1,923

Performance Management

As Arçelik A.Ş., it is among our top objectives to support our global success with our ever-developing global business culture. In this regard, we pay attention to develop the talents of our employees in each country we operate in, starting with their recruitment. To that end, we closely monitor the performance of our employees, and employ methods such as goal dispersion, performance management, competence and potential evaluation in order to manage our human resource in the most effective fashion.



With goal dispersion, it is ensured that the company objectives and strategies are disseminated from the top levels of organization to departments and individuals. Hence, it is provided that all employees adopt common objectives and strive for them while the business results are measured and evaluated with accurate indicators.

All of our white and blue-collar employees in domestic operations are subject to performance evaluations. While this system is used in some of our operations abroad, the expansion studies are still being pursued.

Development and Talent Management

Development and Talent Management in Arçelik A.Ş. aims to determine the talents that would realize the company vision and to develop it. This aim is comprised of two significant steps. First, to determine the employees that will take role in the future of the company, in line with company's and Group's objectives and strategies towards continuous growth. Second, to plan and meet the present and future development needs in parallel with company priorities, strategies and aims.

While focusing on the global organization strategies, Development and Talent Management takes into consideration the necessities arising from the local differences. The activities are conducted with the principle to provide

fair training and development opportunities. The effectiveness of the relevant processes is evaluated continuously on regular basis. The development and amendment areas of the next business period are determined with regard to these evaluations and the acquired data.

Total Training Hours in 2011		Hours per Employee
Blue Collar	220,402	17.7
White Collar	86,341	39.7
Total	306,743	21.0

There has been an increase in the total training hours with regard to the previous year. Each white-collar employee received 40 hours of training, while this number was 18 hours for each blue-collar employees.

Training and Development in Arçelik A.Ş. aims to continuously increase the performance of the company and the individual. In the determination of the development needs of an employee, the present and future role of the individual is taken into account. Within this frame, the employees are included in development programs that are designed at various levels. These programs can be defined as talent development programs focusing on adaptation to the position and the company, and to technical and behavioral development, developing leadership skills and preparing leader candidates for their future roles.

Starting with their recruitment, our employees are included in training programs designed at different levels and contents such as orientation, personal and occupational skill development, technical and operational knowledge, sales and marketing, leadership, management and foreign languages; with regard to their corporate and individual development needs. Some of our programs that develop leadership skills and prepare employees for the future are:

- **Leadership and Business Trainings;** is a program that strives to prepare and support employees with managerial skills for future management positions.
- **Leaders and Strategy/People Trainings** is pursued to support employees with managerial skills for future senior management positions.
- **Management Continuous Development Programs** is a long term program that accelerates the adaptation process of newly appointed managers.

- **Functional Leadership Development Programs** are prepared for different processes such as development, sales, marketing, purchasing and human resources.
- **International Manager Development Program** is a program that supports the development of employees who have the potential for overseas assignments in areas such as holistic approach, managing differences, increasing efficiency through protecting corporate standards in practices, collaborating with individuals, departments and institutions open to synergy and representing the company in these environments.
- **Arçelik Leadership Program** supports the development of leadership competencies within the company.
- **Mentoring Program** is a program that brings together those employees who have the potential to fill senior management positions in the future and current senior managers, thus allowing them to share their experiences and help cultivate a coaching culture.

In addition to these applied practices, training needs analyses, which are aimed for the employees in the production field, are conducted annually within the scope of station necessities and job description responsibilities. These analyses include technical and occupational training with regard to different assignments and versatility of skills that our employees may need in coming periods. The trainings are supported with training documents and one-point lessons while the internal trainer practice is employed for the spread and continuity of the trainings.

From Campus to Career

As Arçelik A.Ş., we are aware of the added value realized with the projects and practices we conduct in collaboration with university students and universities. With these practices, we provide university students the opportunity to gain experience in an environment whereby theory and practice merge, giving them the opportunity to develop themselves. We support this approach with long and short-term internship possibilities, university-industry collaborations and international practices in cooperation with CEMS.

University-Industry Collaboration

Our University-Industry Collaboration which we conduct with the mutual protocols signed with the universities in include technical fields such as R&D, engineering, production, information technologies, as well as social fields such as sales, marketing, human resources, and financial affairs. These studies are often held within the scope of the assignments of 3rd and 4th year undergraduate students or thesis studies of graduate students.

CEMS

CEMS is a program that aims to train the future managers with profiles appropriate for the needs of international corporations which is designed with cooperation of universities and the business world. In cooperation with Koç University Graduate School of Business, Arçelik A.Ş. has become the first company from Turkey to participate in CEMS which has a worldwide strategic web, and will take on a significant task as it will contribute to the upbringing of future global leaders.

Internship

As Arçelik A.Ş. an average of 40%-50% of the recruitment we realize within a year is of new graduates. Our internship process carries utmost significance, as it is a period where we can communicate with the students before graduation and evaluate potential employees for our company. Following their internship, the students find the opportunity to work with fixed term contracts or as part time employees.

Our relationship with the academia is not limited to universities. Similar internship opportunities are provided to high school students as well.

For detailed information regarding the internship opportunities provided by Arçelik A.Ş. you can visit <http://www.arcelikas.com/page/199/Stajlar>

Arçelik Electrical Household Appliances Technical Training Program

With the program which has been jointly conducted in 2011 with the Ministry of National Education Directorate General of Technical Education for Boys within the scope of Vocational Education: A Crucial Matter for the Nation project, we aim to raise a workforce informed with the developments in household appliances and the new technologies, and to make easier the employment of the students in the relevant vocational high schools. Arçelik labs strive to train the students to be eligible for employment as technicians in the white goods industry.

Within the scope of the project taht will last for 4 years, Arçelik has established new laboratories furnished with the latest instruments and equipment. The prepared training materials were distributed to schools and Arçelik A.Ş trained program trainees. Another objective of the project is to meet the technical service personnel need of authorized services from these schools.

People

Considering the cities where the personnel need of authorized services are higher, 4 schools, 3 in Istanbul (Kartal - Beykoz - Zeytinburnu) and 1 in Diyarbakır were identified. The equipment which will be used in schools are determined and purchased. In addition to these practices, the contents of the trainings were aligned with technician development program employed in Arçelik A.Ş. Within the scope of the project 18 teachers in 4 schools received training for 4.5 months and gained certificates. As a result of these processes, 122 students started the trainings. In the last phase of their internship the students who are willing to work in authorized services will be determined and they will be trained in Arçelik Academy on current products and will be given certificates.

İŞKUR Occupational Training Project

Vocational Training Project is yet another project that has been continuing as part of education and development projects since 2009 with the collaboration of İŞKUR. Within the scope of the agreement, trainings are provided in branches such as household appliances, air-conditioning installation, cooling systems and audio and video systems. 60% of the participants who has successfully finished these employment trainings given by Arçelik A.Ş. trainees for 4.5 months have been recruited in our factories.

Safety First



Occupational Health and Safety

Creating a healthy and safe environment for our employees is among the core priorities of Arçelik A.Ş. The success we have earned and aim for is dependent on the working environment where our employees can work safely and efficiently. Based on “the value given to employees”, which is one of the most important elements of its vision, Arçelik A.Ş. promotes engagement of occupational health and safety under the planned and systematic activities by creating coherence between Occupational Health and Safety Policy, legislations and business processes.

Arcelik A.Ş. provides guidance to employees on health and safety at all times, as well as provides continuous communication between coworkers and managers on health and safety and related topics.

At Arçelik A.Ş. our objective regarding occupational health and safety is “zero work accident and zero occupational disease.” In order to reach this goal, we continue our efforts regarding employee engagement and alignment of necessary resources.

You can reach Arçelik A.Ş. Occupational Health and Safety Policy via http://www.arcelikas.com/page/195/Is_Sagligi_ve_Guvenligi

Within Arçelik A.Ş. there are 10 active Occupational Health and Safety Committees which have 136 members and 28 employee representatives. These committees help audit employee health and work safety programs and provide suggestions regarding them.

The topics regarding Occupational Health and Safety are monitored within the scope of our performance system. In addition to the indicators controlled within this system, indicators such as Accident Frequency Rate, Accident Gravity Rate, training hours and lost working days are also monitored. As a result of these effort, we have achieved serious improvements in occupational health and safety indicators.



For our 8 production facilities in Turkey, the occupational health and safety indicator realizations are as indicated:

Occupational Health and Safety Indicators	2009	2010	2011	2010/2011 Improvement %
Accident Frequency Rate (F)*	10.49	8.41	5.73	32%
Accident Gravity Rate (G)**	0.113	0.085	0.078	8%

* Accident Frequency Rate (F)= (Total number of work accidents / total working hours)*1,000,000

** Accident Gravity Rate (G)= (Total number of workdays lost due to work accidents / total working hours)*1,000

As a result of the work conducted, in 2011 the accident frequency rate, which is an indicator of total accidents, has decreased by 32% in comparison to 2010. Within the same period, accident gravity rate, which is an indicator of number of days lost due to work-related accidents, has decreased by 8%. Moreover, the improvement in the work-related accident numbers caused a decrease in working days loss and an increase in efficiency. No occupational disease or fatal work accident has occurred within the reporting period.

Our Occupational Health and Safety policies in the countries where we operate and run production facilities (Romania, China, Russia) is audited with the system we employ in Turkey. As of 2011, Accident Frequency Rate and Accident Gravity Rate indicators started to be monitored in these regions.

As Arçelik A.Ş. we believe in the importance of raising awareness for occupational health and safety and enrich the continuous progress in this field with the trainings we provide for our employees. In 2011, 51,464 man*hour occupational health and safety training were provided throughout Arçelik A.Ş.

Within the reporting period, we continued health and safety programs directed to our employees and their families as we did in the previous years. Seminars regarding the effect of noise on health, ergonomics, flu and hygiene and women's health; child development support program for fathers; the distribution of educational pamphlets for quitting smoking; flu, hepatitis B and tetanus vaccines for employees and their families, messages for waist and neck health, oral and dental health, health and safety were among the issues covered.

The ensuring of the physical security of working environment is as significance as the other elements in the creation of a safe working environment. All the security personnel working at Arçelik A.Ş. receive training on relevant legal articles, company policies and procedures, customer satisfaction and stress management, effective communication and guest welcoming and emergencies and these training data are being recorded. In addition to these, the security personnel receive trainings every 5-year and are expected to renew their certificates.

In 2011, physical safety audits have been conducted in every Arçelik A.Ş. location. As a result of the audits held, amendatory activities were planned and the relevant projects have been initiated for those fields determined as open for improvement.

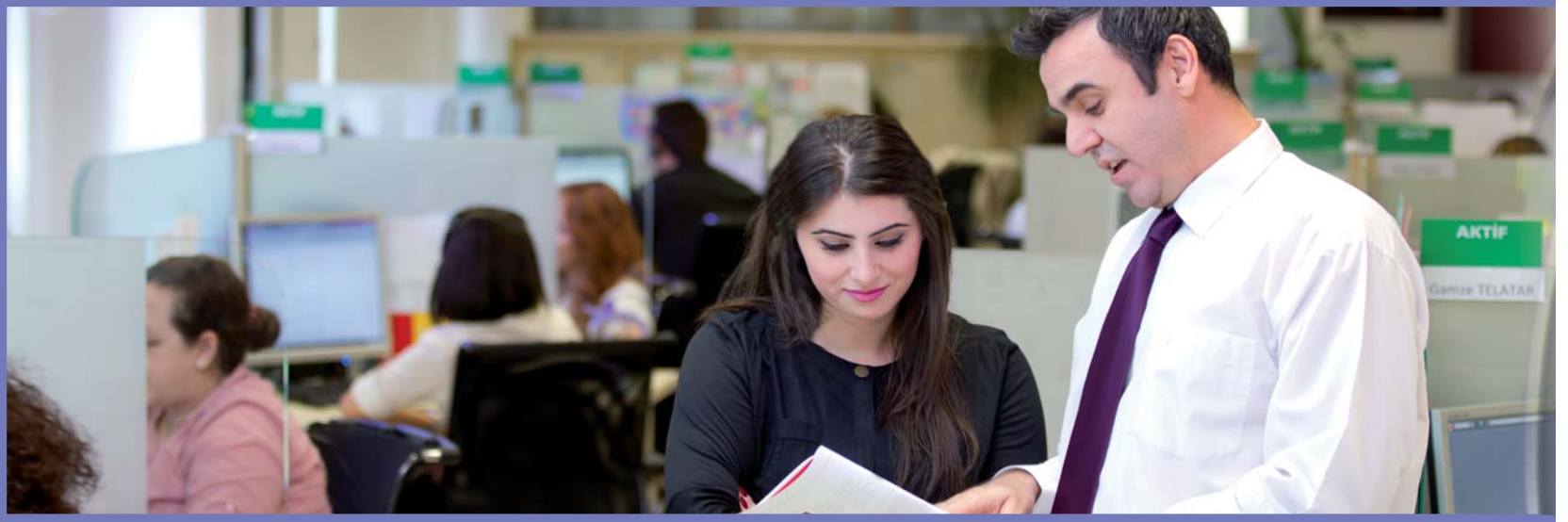
supply



We Develop Sustainable Supply Processes

At Arçelik A.Ş. our aim is to make our products accessible to consumers worldwide through our sustainable operational structure. Thus, we adopt Supply Chain Policies which guarantee maximum consumer satisfaction while increasing due process productivity and ensuring sustainable growth. Through our integrated Supply Chain solutions at every stage, from the procurement of materials to the distribution of finished goods, we aim that the products demanded by the customers are delivered to them at the right time, with speed, flexibility and at the lowest possible cost. At this point, our suppliers hold a very significant role.

Our objectives of global accessibility, maximum level of consumer satisfaction and sustainable growth is only possible through top quality supplier portfolio. In this regard, we expect the materials purchased from our suppliers to meet quality expectations and fulfill technical and organizational requirements. In addition to these conditions compliance of all our suppliers with quality management systems, environmental management systems and ethical practices is a crucial aspect for the continuity of all processes.



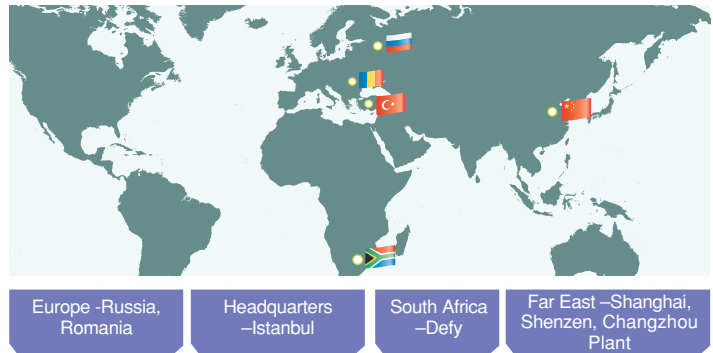
The Improving Structure of Supply

Supply chain policies adopted by Arçelik A.Ş. are geared towards ensuring sustainable growth. With this mindset, our goal is to provide our customers affordable, accessible and environmentally-friendly products with high quality.

Our procurement operations comprise the direct purchase, indirect purchase, service and investment goods for all our production facilities of white goods and electronics in Turkey and abroad. In addition, purchase of logistic service and product purchase are run separately. Arçelik A.Ş. has an International Purchase Organization with headquarters in Turkey. In order to run the supply management processes more efficiently in our operational areas and regions where our suppliers are high in number, we have local purchase functions in our overseas business units. In line with Arçelik's sustainable growth policies, Taiwan office was opened in 2011 with the aim to improve purchasing and technical functions in the Far East. Also in 2011, one of South African market's most competitive players, Defy, joined our network with the purpose of increasing Arçelik A.Ş.'s market presence in Sub-Saharan Africa. In parallel with our growth strategies, our foreign purchase functions will grow and develop in line with requirements.

In order to manage more effectively the activities aimed to improve our suppliers and undertake joint projects, "Supplier Development" unit was established within Arçelik A.Ş. in 2011. Purchasing functions for Information Technologies, Advertising and Marketing and other services have been consolidated under central supply operations since then.

International Supply Organization



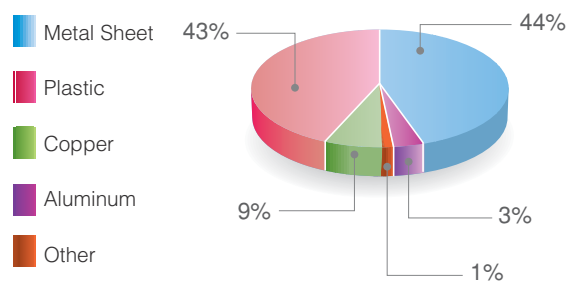
Purchasing by Numbers

Arçelik's central purchasing directorate unit manages a 2 billion Euro purchasing volume including mainly the direct purchases such as raw-materials used in production, processed metal and plastic materials and components as well as indirect material/service purchases and investment goods purchasing.

Arçelik A.Ş. works with more than 1,400 suppliers in the procurement of "Direct Materials" which includes raw materials and components used in the production of white goods and electronics.

Raw materials made up 40% of Direct Materials procured in 2011. 44% of raw materials procured were metal sheets and 43% were plastic raw materials.

Distribution of Purchasing of Raw Materials (%)



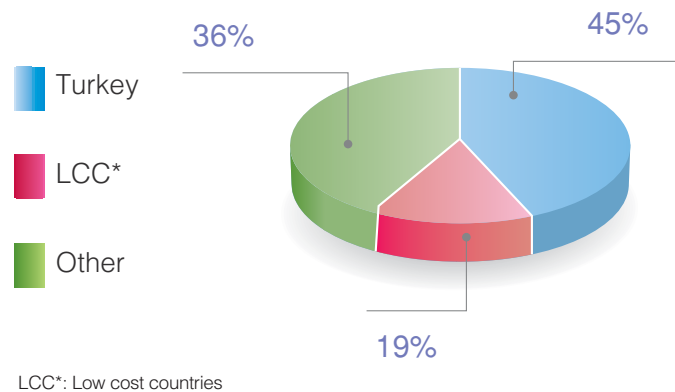


The rate of purchasing from “Low Cost Countries” in 2011 was 19%. In addition to this improvement, we target further competitive advantage via cost reduction as a result of projects run with support from production facilities and our international supply network.

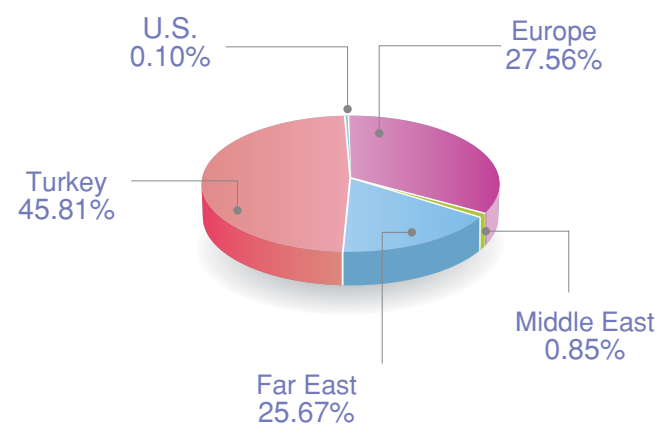
In terms of regional distribution of purchasing activities, supplies from Turkey accounted for 46% of total purchasing volume.

One of our most significant purchasing strategies is to increase local procurement in regions where our production facilities are based. With our local procurement strategy, we seek to contribute to the national economies we operate in. We acknowledge that increasing local procurement is a long-term goal which requires continuity. Beko LLC, which operates in Russia, increased its local procurement volume ratio from 32% in 2010 to 35% in 2011.

Direct Material Procurement from Low Cost Countries (%)

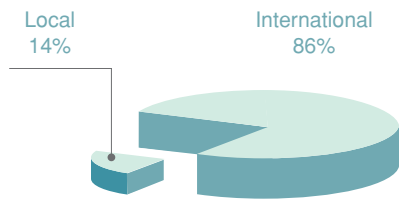


Regional Distribution - Purchasing Capacity (%)

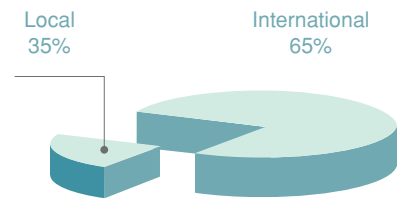




S.C. Arctic S.A. – Romania

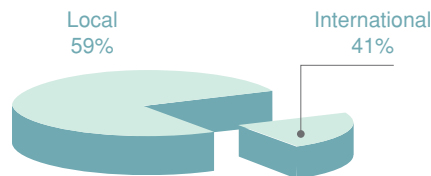


Beko LLC - Russia

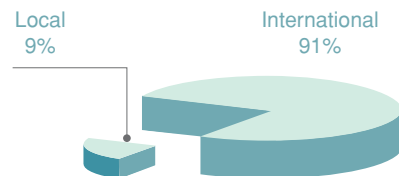


The local and international procurement ratio of the production facilities for white products and electronics in Turkey for the year 2011:

Arçelik - White Goods



Arçelik - Electronics



Supplier Relations

The purpose of supplier relations is to establish long-term partnerships in line with principles of unity, sincerity, mutual benefit, sustainability and mutual growth strategies.

Regular meetings and visits, information sharing through the portal, organizational structuring and suppliers' events, which seek to enhance and increase cooperation with the suppliers at every step of the process, are crucial communication tools for maintaining long-term partnerships. In order to strengthen communication with the suppliers and to enhance the traceability of the processes by electronic mapping out of the workflow, the "Supplier Portal", launched in 2011 and is used to manage supplier initial approval processes.

Prospective suppliers are scanned through a step-by-step "Supplier Initial Approval/Evaluation" process via Supplier Portal. In addition to the supplier's capability for manufacturing materials, technical proficiency and financial infrastructure, its compliance with quality, environmental and work ethic standards are evaluated in this process. Information provided by the suppliers is regarded as trade secrets and their confidentiality is highly respected. Suppliers who pass the pre-evaluation stage are examined with regards to the quality of their product and criticality. While the suppliers which pass the final qualification stage are approved by Arçelik A.Ş., those who score negatively are also approved under probation and are asked to improve their inadequacies. In addition to these applications, Quality, Environmental and Work Ethic standards of Arçelik A.Ş. is also made available to existing and prospective suppliers via Supplier Portal.



In 2011, the “Arçelik (Beko) Suppliers’ Day” was hosted in China in order to improve communication across suppliers in Asia. 300 delegates from 200 companies in 7 countries attended this organization. A more comprehensive organization is planned within 2012, which will also include suppliers in Turkey and Europe.

Expectations from Suppliers

In addition to compliance with the product specifications and quality expectations, and satisfaction of technical and organizational requirements, we expect all our suppliers to operate in compliance with global conditions of quality management system, environmental management system and work ethic standards. We also encourage our suppliers to develop projects to improve their products and processes. With this purpose, we have organized Innovation Days with participation of our suppliers which have facilitated improvement in our products with the help of projects developed through these events.

Quality

Since its foundation, Arçelik A.Ş.'s principle has been to provide its customers with high-quality products which will simplify and improve their lives. Operating in a framework that values customer satisfaction and environmental awareness, Arçelik A.Ş. attributes its success to “product quality, superior sales power and effective post-purchase services”.

We operate with the awareness that ensuring the quality of our products relies on ensuring the quality of the materials we procure from our suppliers. Therefore, we expect and encourage our suppliers to operate in adherence to our understanding of quality.

We expect our suppliers to develop a Quality Management System, maintain its continuity and make efforts to improve it. To what extent our suppliers manage to meet our expectations is examined and controlled by Arçelik A.Ş. In this respect, results of internal and external examinations and targets regarding the crucial supervision indicators of processes which impact quality control are routinely tracked. Arçelik A.Ş. also examines customer quality awards, auditing records, customer feedback reports, product standard accreditations and management standard certificates during these controls.

We expect from our suppliers to have precise measuring/testing devices to test the process from the supply of raw materials to their shipping, to make measurements in accordance with quality plans and to record them, to pass on the quality documents that guarantee product qualification alongside the products. These materials and quality documents are examined in the production facilities and they go through measurements, function and safety tests in our high-tech laboratories with modern devices by the professional quality personnel.

Our suppliers should develop measurable quality targets that meet with the expectations of Arçelik A.Ş. and conduct management evaluations which should comprise the operation results that aim to trace the general performance in the process. The quality performance results of our local suppliers are presented in the Supplier Portal on a monthly basis.

Work Ethic

As one of the first signatories of the European Committee of Domestic Equipment Manufacturers (CECED) Code of Conduct, Arçelik A.Ş. requires its suppliers to also comply with it. This Agreement ensures compliance with the regulations on compulsory labor, child labor, harassment, wages and compensation, work hours, equality between employees (nondiscrimination), health and safety, freedom of association, freedom of collective bargaining, environmental legislations and standards within the framework of international agreements. These obligations are shared with the suppliers via Supplier Portal. They are examined during the initial approval of the suppliers and ensured via agreements made with the suppliers. In 2011, self-evaluation on Work Ethic studies was conducted with 187 suppliers.

Environment

In order to protect the ecological balance, we follow the necessary regulations regarding the whole life cycle of products from their production to disposal. Arçelik A.Ş.'s environmental policy guarantees compliance with European Union directives which coordinate national legal precautions adopted by member countries as well as the national legal regulations. The collaboration and engagement of all suppliers in the Supply Chain is crucial to the realization of Arçelik's environmental policy. In this framework, expectations regarding environmental issues are specified for the materials to be procured from the suppliers.

We comply with the legal directives, regulations and rules to ensure that the materials we procure are environment friendly and we expect our suppliers to operate in the same way. In 2011, Arçelik's local suppliers were informed about compliance for environmental regulations and conditions including the REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals) and their compliance data were collected via e-mails and the Supplier Portal. In 2011, self-evaluation on environment was conducted with 152 suppliers.

Innovation and Partnership

Producing environment friendly products which consume fewer natural resources is a priority for Arçelik A.Ş.; thus we search for alternative materials. We support the suppliers' contributions to project design for the required materials and components and encourage collaborations with our R&D department. Results of such projects in the year 2011 are summarized as follows:

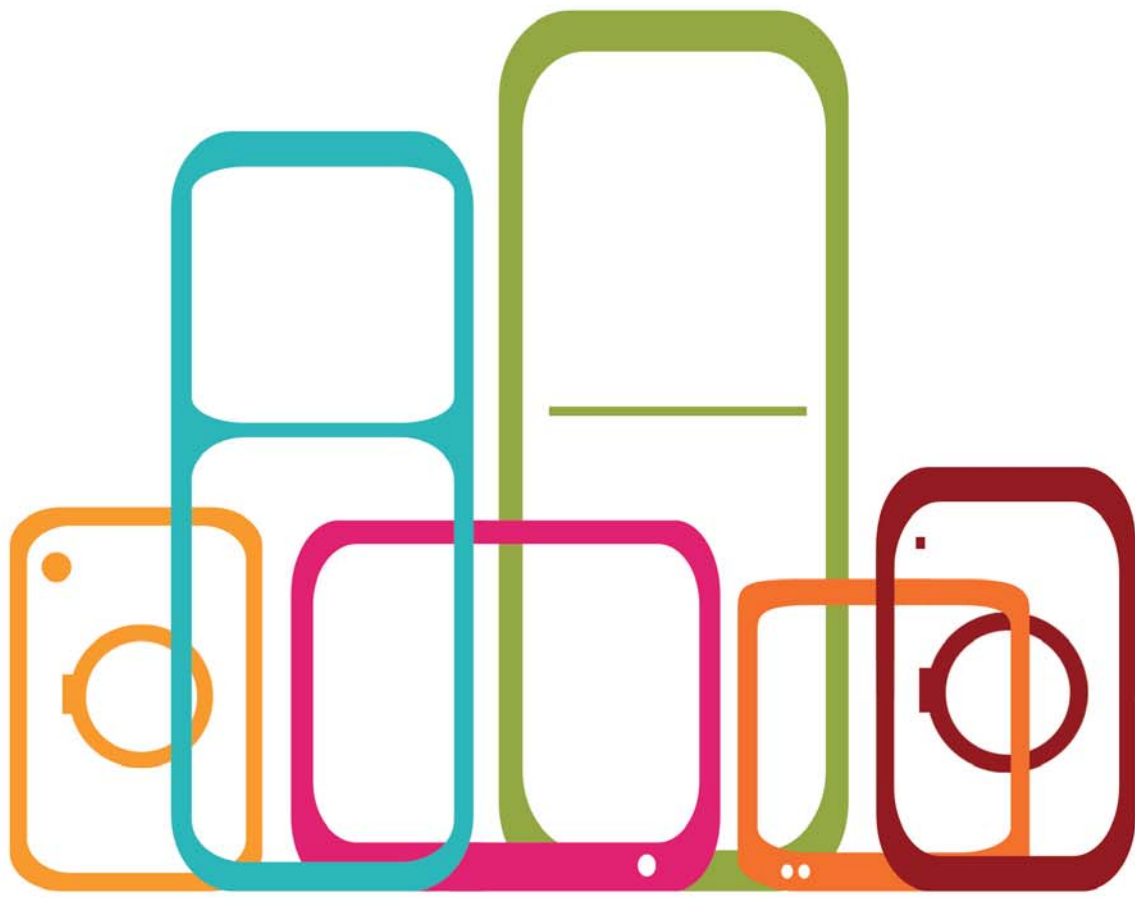
- Studies on packaging materials have led to 344 tons reduction in plastic packaging waste.
- Studies on reconfiguration of user manuals offered with our products have led to a 127 tons reduction in the use of paper products.
- Studies to increase the use of 100% recycled paper instead of plastic and wooden materials for packaging materials still continue and we thus save a lot of energy and reduce dependency on natural resources.
- Robotic applications enabling the re-use of wasted dye in the dyeing process have helped the reduction of expenditures as well as the use of chemicals and waste produced.
- We have expanded the use of long-term re-usable plastic cases instead of non-recyclable cardboard boxes.

As the central supply operations unit, we serve for the purchasing needs of Arçelik in producing its national and international award winning innovative and environmentally-friendly product design, with our improving supplier portfolio and skilled supplier partners.





product



*We offer environment friendly,
innovative products that make life easier
and excellent services to our customers*

It is an integral part of our sustainability to produce innovative and environment friendly products which conform to customers' living conditions and satisfy their expectations. In this respect, being innovative is the fundamental principle of Arçelik A.Ş., the patent leader of Turkey.

It is imperative that our products do not negatively affect natural resources during their use and combating the climate change requires a reduction in global energy and water consumption. Therefore we raise awareness among our customers and encourage their preference of more energy efficient products while accelerating our R&D studies on reducing the environmental impact of our products.

In all markets we operate, our authorized dealers and after sales services network strives to provide better services and to inform our consumers regarding our products.



Arçelik, the Innovation Champion

At Arçelik A.Ş., it is our priority to offer a product portfolio that has minimal impact on the environment and on the natural resources in the recycling process. With this mindset, we expand our portfolio with more energy efficient products. Regulation of the environmental impact of our products during the entire product life-cycle forms the basis of our R&D activities.

We strengthen our position in Turkish and global markets with the help of innovative and environment-friendly products we develop. Product, design, development and improvement practices in line with customers' demands and expectations are crucial to achieving that success.

Energy Consumption in the Product Life Cycle



In our sector, the environmental impact of the products manufactured is concentrated at the time of their use and consumption by the end-user. In light of this knowledge, Arçelik A.Ş. strives to reduce the environmental impact of its products by developing a portfolio that minimizes the CO₂ emission and requires less energy and water during their usage.

Our position as the "Innovation Champion of Turkey", the achievement of our environment friendly product development vision's driving force R&D unit, celebrated its 20th year in 2011 and continues efforts to carry its success on to a global scale. We allocated TL 18,125,230 to R&D operations with the aim of developing more environment friendly products.

With the result of our investments in R&D studies and patents that we develop, we are listed as the only Turkish company and rank 95th across the world on World Intellectual Property Organization's "top 500 patent applicant companies". In 2010, we were awarded three "Patent League Champion" awards for "Most Patent Applications", "Most Patents Issued" and "Most International Patent Applications" from Turkish Patents Institute for the year of 2009.

We assume an active role in the international arena with different practices and studies of our R&D unit. Arçelik A.Ş. has ranked first in "7th Framework Program's Most Successful Company in terms of Number of Partnerships" in TÜBİTAK (The Scientific and Technological Research Council of Turkey) EU Frameworks Projects National Coordination Office's "EU 7th Framework Program Turkey 2007-2011" report.

At the international cooperation platform EUREKA, which supports projects aimed at developing market-oriented, rapidly marketable products and processes, Arçelik A.Ş. has completed 1 project and continues working on 6 others. In addition to these projects, Arçelik A.Ş. qualified for funding from the "Marie Curie Fund" in 2011.

In the framework of "Cooperation with Universities" and R&D operations, Arçelik A.Ş. has contributed to the establishment of new laboratories at Istanbul Technical University and Yildiz Technical University's Machinery Faculties, as well as launching a unit in Middle East Technical University's Teknokent in 2011.



Innovative Products

We aim to develop products that can meet the demands of future generations in the framework of our management approach to protection of natural resources and our understanding of quality. In this regard, we continuously work to improve our products and minimize their negative impacts on the environment and human health. 7 R&D centers with 800 qualified staff develop projects to create environment friendly products which offer highest efficiency while protecting the natural resources.

Products manufactured by Arçelik A.Ş. are tested in Arçelik laboratories in compliance with energy labeling directives and energy class defining performance test standards of the countries where these products will be sold. Through its vision championing the efficient use of natural resources, consumer health and comfort and innovation, as a result of environment friendly product development performance, Arçelik A.Ş. has continued to deliver products carrying the titles of "world's mosts and firsts" in 2011.

In line with REACH regulations, Arçelik A.Ş. ensures the registration and control of the chemicals being used and the chemical safety during transportation from producer to consuming industries; and enables necessary information flow and its accessibility for consumers. Accordingly, Arçelik A.Ş. fulfills REACH regulation liabilities by producing new improvement projects.

A+++



Dishwasher

Arçelik 92104 PFEI Cactus, which was commissioned in 2011, is the world's most efficient water saving dishwasher at A++ class with 6 liter water consumption. The aluminum isolation material, which is only utilized by Arçelik in the world, helps the product save 10% energy. By re-filtering the cleanest water of the washing-cycle which is the rinsing water and re-using it in the next washing-cycle, 14% water is saved, thus making the product the world's most water efficient dishwasher.

According to the European Committee of Domestic Equipment Manufacturers (CECED) database, 70% of all dishwashers used in Turkey are A energy class with 15 liter water consumption. If all these dishwashers are replaced with Cactus models, 22 million tons of water, which is equivalent to 500,000 people's annual water consumption, and 900 GWh of energy could be saved and 420,000 tons of greenhouse gas emission can be prevented.



Dishwasher

By using aluminum isolation material instead of oil-based isolation materials, Cactus dishwasher has been produced as an environment friendly product with high resource efficiency. Aluminum isolation material conserves energy due to lack of necessity for heat treatment during operation, and the adhesives used for its operation are compliant to regulations such as RoHS and PAH. The product was awarded with 1st place in "Large Corporations Sustainable, Environment Friendly Product" category of Istanbul Chamber of Industries "2010 Environment friendly Products and Practices Awards" in 2011.

Another record breaking product by Arçelik A.Ş. is the world's most energy efficient dishwasher 63109 HIT with 194 kWh (0.68 kWh/cycle) energy consumption, saving 10% more energy than A+++ class products.

Also in 2011, by expanding the use of innovative technologies such as BLDC motors, aluminum isolation, automated doors and closed fan systems in 60 and 45 cm products and program optimizations, Arçelik managed an average 10% reduction in the energy consumption levels of its dishwashers.

Washing Machine

Arçelik washing machines; A+++ -20% for 9 kg products, A+++ -30% for 8 kg, A+++ -10% for 7 kg, A+++ for 6 kg and A++ for 5 kg, have the highest energy efficiency levels.



Washing Machine

In 2011, use of technologies such as load detection and methods that accordingly control water, time and heating energies required, have been expanded across middle and upper segment products. With systems that enable more sensitive water consumption control at upper segment products, 20% water is saved at standard laundry cycle.

Refrigerator

In 2011, Arçelik A.Ş. designed and produced 4 new A+++ class refrigerators. A+++ class products save 60% more energy than A class products. Turkey's first A+++ Combi No-Frost designed 2488 CNG A+++ and first A+++ shelf level TSM 1541 A+++ models have been produced.

R&D studies to reduce operational noise level of refrigerators have resulted in 30-100% improvements. Beko RBI 2301 model A++ built-in refrigerator and K54283B A++ refrigerator are results of these studies and have the lowest sound levels in the world. Nearly 100% of all refrigerator range of Arçelik A.Ş. uses environment friendly R600a as coolant gas.



Refrigerator

Oven

CSM 62520 DWL, which was produced in 2011, is the world's most energy efficient oven and due to strengthened isolation, it saves 40% more energy in comparison to A class in the eco-turbo cooking mode.

There are approximately 11.7 million household ovens used in Turkey and on average they are A energy class products. In the event that these ovens are replaced with CSM 62520 DWL, annual return on energy would be 511 GWh which is 1.7 times of the energy generating capacity of Tigris Dam. The energy that is saved can prevent 245,339 tons of greenhouse gas emissions.



Oven

When Europe is considered, there are approximately 131 million household ovens in 15 countries and they are on average A energy class products. If these ovens were all replaced with CSM 62520 DWL, 6.033 GWh energy would be saved annually, equaling the annual electricity generation capacity of Keban Dam. The energy saved can prevent 2,891,451 tons of greenhouse gas emissions. Our ovens are already compliant to stand-by regulations which came into effect in 2012. In line with the regulations, when the energy consumed by household goods that operate with electronic timers on stand-by mode is reduced from 5W to 0.8W in 15 European countries, 231,000 tons of greenhouse gas emission will be prevented. The number stands at 21,000 tons for Turkey.

Tumble Dryer

With the help of new generation heat pump tumble dryers developed in 2011, Arçelik A.Ş. began to produce 50% more energy efficient models at 7 kg A class. Thus annual energy consumption has been reduced from 152.6 kWh to 115.8 kWh and 12% improvement was achieved in the declaration program timing. Also by using glass for tumble dr doors, product-recycling rates have been improved.



Tumble Dryer

Consumer Electronics

Research shows that energy consumed by electronic household goods on stand-by mode account for 11% of a household's total energy consumption. For that reason, further research and studies have been conducted on the energy consumed by household goods on stand-by mode. Arçelik A.Ş. has developed TVs that have stand-by energy consumption levels <0.5W in the framework of European Union ErP Regulation (EC No 642/2009), enabling a 50% more energy efficiency per unit.

In 2011, Arçelik A.Ş. has also begun issuing energy labeling on TV products in the framework of European Union Energy Labeling Regulation (EU No 1062/2010). The ratio of A-B energy class products in the entire product range increased from 1% in 2010 to %45 in 2011.

Grundig has become the first Turkish producer company to be awarded the "Eco Flower" approval with Arçelik's 40"/46" TVs.



In 2011, first range of A energy class products were introduced in the 40"-46"-55" TVs.

LCD panels with LED lighting (LED TV) consume less energy than regular LCD panels. As a close adherent of technological developments, Arçelik A.Ş. has expanded the use of LED panels in new products and projects, achieving significant improvements in energy consumption levels.

Arçelik A.Ş. products also do not contain mercury which is listed among restricted materials in the framework of RoHS regulations. In terms of sales numbers in 2011, by switching from LCD to LED panels, there has been a 12 kg decrease in use of mercury.

Arçelik A.Ş. shortened products' user manuals in 2011. While the existing manuals in 7 different languages were around 560 pages, new condensed manuals contain 280 pages and for further detailed manuals the customers are directed to our website. Thus, approximately 2,300 pine trees have been saved.

Also in 2011 by switching to the use of un-dyed cabins for TVs, we have managed to reduce the amount of dye used by 47%.



TV

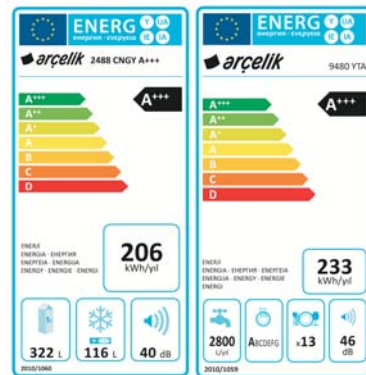
Product Information

As Arçelik A.Ş., we present to our clients all the necessary information regarding how our products are used and operated, safety precautions and warranty periods and conditions in a clear manner. The necessary information is compiled and presented in line with the national laws and regulations of the country where our products are produced and marketed.

Energy Labeling

We inform our customers on the consumption performance of our products via "Energy Labels". This energy label is prepared according to the standards, directives and regulations for each product category and it is provided to the customers on the products. The label contains information on the water consumption, product type, size, and sound level besides the energy performance. Before we provide any information regarding the quality conformance and energy consumption levels of our products and services, we test the validity of this information at accredited laboratories and receive approval from these institutions.

Energy labels seek to generate environmental awareness besides informing the customers. As Arçelik A.Ş., by using EU Eco Labels or EuP labels, we aim to increase awareness regarding environment friendly TV products. In addition to these practices, in the framework of our active membership to the Advertisers' Association of Turkey, we also support adherence to the principles and ethical standards of presenting accurate and reliable information to our customers.



Distribution and Authorized Dealer Network

An important aspect of the sector we are operating in is the requirement to meet consumer demands and orders in a timely manner. Therefore distribution optimization and sales network hold great significance. Our efforts to improve our flexible Order-Production-Distribution infrastructure to meet the customer expectations and satisfaction continue. The flexibility of our distribution network positively influences the efficiency of our authorized dealer network. We continue to come up with innovative solutions to minimize the environmental impacts of distribution and to further improve our sales network's competence.

Communication with the Authorized Dealers

Our authorized dealers at 3,600 locations across Turkey are our contact-points with customers and they are extremely important in sustaining the productivity and continuity of the operational system we have established. Therefore Arçelik A.Ş. pays special attention to effective communication with our authorized dealers. By utilizing the established communication mechanisms and practices, we seek to continuously improve our dealers' knowledge, skills and competence. By way of our closed-circuit "Arçelik TV" and "BEKO TV" broadcast, training and seminars over the internet, and broadcasting to exhibit LCD TV products in retail stores, we maintain continuous communication lines with our authorized dealers.

In 2011, we established our online training platform "E-Academy" where 2,400 sales representatives are registered and have access to trainings and seminars on their own time. Through tests conducted before and after trainings, the platform also helps us track our representatives' progress.

2,541 sales representatives from Arçelik and Beko authorized dealers have participated in 108 different training programs including product and sales techniques in 2011. Of these programs, 66 seminars on "Fundamental Product and Sales Techniques" were attended by 1,407 while 42 "Product" entitled seminars were attended by 1,134 representatives. Also in the same period, "Fundamental Product and Sales" training was conducted online in cooperation with Boğaziçi University's Lifelong Learning Center. 295 sales representatives attended the program and participated in the test held at the end. 179 representatives performed successfully and were rewarded with certificates.

Arçelik Commercial Air-Conditioning provides B2B marketing and services infrastructure for professional decision-makers. Arçelik A.Ş. Air-Conditioning Academy offers theoretical and practical training to sales specialists, after-sales and implementation personnel and to business partners composed of authorized dealers and services. In addition to this, we include the "Energy Management" module for our authorized dealers and services.

Feedback we gather from our authorized dealers by way of communicative engagements is an important source that is utilized for the improvement of operational process quality. We inform our authorized dealers regarding Arçelik A.Ş.'s targets and goals at our Authorized Dealer Meetings.

We ensure that our authorized dealers visit our production facilities via programs we call as "White Tours." With the two white tours we conducted within 2011, 65 authorized dealers had the opportunity to observe our factories.

In addition to all these practices, we encourage our authorized dealers to participate in voluntary projects organized by Arçelik A.Ş. or Koç Group. In order to increase the sales of our energy efficient products, we work together with our authorized dealers in organizing various socio-ecological projects, advertisement and promotion initiatives.

Environmental Approaches for Product Distribution

The environmentally-friendly supply chain applications that we realized in the reporting period and their results are as follows: "Dynamic Routing" application which was realized in 2010, was utilized more effectively and efficiently in 2011. Dynamic Routing enabled lower transportation costs; higher customer service through shorter lead times; lower carbon emission through shorter routes; and workforce optimization through process efficiency.

"Route and Load Optimization System" enables us to use optimum number of vehicles thus reducing hazardous gas emissions due to transportation. In 2011, the system facilitated an improvement of 10%.

In 2010, we started "Dealer Shared Warehouse" practices in Adana and Antalya. This practice will also be expanded to Ankara in 2011 and to Izmir, Kayseri and Istanbul Asian Side in 2012. By consolidating dealer warehouses, one step in the process of product delivery to customer is eliminated hence reducing carbon emissions.

In accordance to Arçelik A.Ş.'s environment policy, projects aimed at reducing warehouse energy consumptions have increased in 2011. Arçelik has reduced CO₂ emissions by 46% by switching from LPG to electrical vehicles used in warehouses and also has switched to energy-conserving lighting systems, increased usage of daylight in warehouses.

Product

It is very important for Arçelik A.Ş. that exports from Turkey are handled in environmentally friendly ways. After products arrive at destination ports; railway and river shipping are preferred for in-land distribution where possible. In 2011, 74% of exports were shipped by sea, 24% by road-transport and 2% by railways.

In 2011, 39% of exports to Poland were switched from road transport to maritime transport. Our target for this ratio in 2012 is 50%. It is aimed that in 2012, 35% of the exports to Germany and Sweden (which is done by road transport rather than sea due to restrictions of transit durations, to be handled via railways. Studies are conducted to enable direct railway connection within Turkey between production facility warehouses and ports.

In 2011, 79% of imports were shipped by sea 20% by road transport and 1% by railways. Our use of maritime transport has increased 30% in the last year.

After Sales

It is important for Arçelik A.Ş. to provide the same level of after sales service quality that accompanies our product quality to our customers and to expand this high service standard to all markets where we operate. Arçelik A.Ş. offers after sales services through its own service network in 15 countries and in other countries through its distributors and contracted services.

In order to ensure the continuity of our service organization's service quality and improve its performance, we identify performance indicators, track their progress and engage in activities to improve results.

Our authorized dealer and service network is the largest in Turkish durable consumer goods sector. Operating under Arçelik Customer Services Directorate, Customer Services served with over 500 authorized dealers under 10 regional management units, over 5,000 car-parks and over 10,000 employees (half of which are technical staff) in the field in 2011. Our technical staff are trained and certificated by the Technical Services and Training Management unit. In addition to this, via Service TV practices, our service personnel receive training on product specifications. In 2011, distance-learning programs were developed and utilized as a pilot program.

By utilizing palm-computers in authorized dealers in 2011, allocation of responsibilities to field staff was optimized, thus led to improvement of service quality and efficiency. Under service performance management, customers were given convenient appointments, staff respected appointment times, arrangements were made so the technician and the product arrived at the same time and time allocation was optimized

for the technician to finish the service in a short period of time without the need for a second visit.

Since 1998, Arçelik A.Ş. has been offering a 3-year warranty for its products even though the Turkish laws require a minimum 2-year warranty for the related product range.

Call Center

Arçelik Call Center (444 0 888) has been operating since 1991 and it is of vital importance for our communication with our customers. Our call center, which operates 24/7, seeks to maintain a healthy dialogue between us and our customers, to timely evaluate customers' feedback and demands and to maximize customer satisfaction. These practices help respond to the majority of customers' demands with "First Step Support" services over the phone without the need to arrange a house-call for the customer.

Arçelik Call Center service network has expanded greatly by merging pre-sales and after sales services operations of Austrian Elektrabregenz, Beko and Altus in 2008, German Grundig in 2009 and German Beko in 2010 under Turkey operations.

Our Call Center Management has provided home-based employment opportunities for disabled people who might not be able to work in an office environment with its "Home Agent" project in 2011.

We conduct customer satisfaction surveys in Turkey and abroad in order to access customer feedback, improve the quality of our services and produce more innovative products.



Disposal, Reuse and Recycling of Our Products

As Arçelik A.Ş., we operate with the same responsible approach in the disposal, reuse and recycling of our products as we do in their production and transportation to the customers. Arçelik complies with all applicable legal laws and regulations throughout the product life cycle. ISO 14001 Environmental Management Standards form the basis of these practices for Arçelik A.Ş. In addition to this, we also ensure by our collection and recycling mechanisms that our products are compliant with 2002/96/EC coded WEEE directives abided by European Union member countries.

Depending on the type of the product, the recycling ratio of the products produced by Arçelik A.Ş. varies between 83.9% and 98%. Our products and their recycling ratios are as follows: Washing machines: 99%; Driers: 98%; Refrigerators: 99%; Dishwashers: 84%; Consumer electronics: 88-92% and Ovens:91%.

We also voluntarily participate and encourage participation in practices seeking compliance with the WEEE directives in non-European Union markets. We have developed a project in 2011 to identify activities in Turkey under the WEEE framework and worked together with The Association of Turkish White Good Industrialists to realize them. In this project, we have closely studied and inspected refrigerators produced before 1995 with CFC-11 coolant gases and with a survey study, collected old products from the customers and studied how they could be integrated into the WEEE system.

In all our facilities, "Re-Evaluation Centers" are established since 1997 to encourage recycling to provide energy efficiency.

Raw materials used in our products and their recycling ratios are as follows:

Materials	Recycling Ratio (%)
Metals	100
Plastic	100
Glass	100
Chemicals*	Can not be recycled
Rubber	100
Others	81
Components	80

* Chemicals do not include oil. 78% of oil can be recycled.

Use of Packages and Packaging Waste Management

We support the environmental performance we achieve with our products via effective packaging waste management practices. Thus we conduct studies and projects to use less and recyclable green packaging materials and to reduce resource consumption due to packaging.

Packaging materials used for our products are as follows:

Packaging Material :	Cardboard	Plastic	Wood
Dish Washer	√	√	√
Refrigerator	√	√	√
Washing Machine	√	√	x
Tumble Drier Machine	√	√	√
Cooking Devices	√	√	√
Electronic Devices	√	√	x

The volume and weight of our products' packaging are designed to generate as little waste as possible. We cooperate with recycling companies licensed in Turkey and abroad for packaging waste management.

60% of the cardboards used in our cardboard packaging are from recycled materials and all our product packaging is fully recyclable.

For internal shipment, we also use equipment made of recycled material. For the internal shipment of the electrical motors, cases made of recycled composite packaging wastes are used.

The project we have started to improve plastic packaging have enabled 334 tons of reduction in shrink wrapping material used in all facilities in 2011 and a 27% reduction in total.

social
development



We Support Social Development

We are aware that, as a globally operating company, our responsibilities match the extent of our physical presence. Therefore we engage in practices that support social development on a local and global scale. We assume an active role in issues and requirements relating to social sustainability and continue to increase our efforts to ensure the continuity of our solutions.

Arçelik A.Ş. not only creates value by increasing new employment opportunities and growth across the countries in which it operates, but also supports the development of social, cultural, environmental and sports activities. Contributing to social projects in accordance with its sustainable development principle will continue to be among the top priorities of Arçelik A.Ş.



Social Responsibility Approach

The development and implementation of sustainable projects aiming to raise social standards and solve social problems in light of the company's corporate values and culture comprises one of the primary responsibilities of Arçelik.

Arçelik considers social volunteerism as one of its core values. Arçelik also considers contributions to be made by volunteers who are members of its large corporate family and the sustainability of the projects through local ownership as an important success criterion.

The program was continued in 2011 with the aim of improving the educational and developmental standards of the students, who are studying at Regional Primary Boarding Schools and come from financially disadvantaged families, and raising them as role models. To date, Arçelik has reached 200,000 students studying at 300 Regional Primary Boarding Schools spread across 60 provinces through this program.

Within the framework of the program, students who have graduated with distinction from Regional Primary Boarding Schools but do not have the necessary financial resources to pursue secondary education have been offered scholarships for their secondary education. Arçelik has provided teachers and school heads working at these Regional Primary Boarding Schools with a series of seminars and workshops to contribute to their personal and professional development. The Volunteer Family Council, which is comprised of Arçelik employees, authorized dealers and services, has organized many important events, ranging from "career days" to book/toy campaigns, school and plant visits to "environmental awareness competitions" in order to contribute to the students' personal development.

Social Projects and Support Activities

Standing United for Education with Arçelik Program - Turkey

With the Standing United for Education Program, which was launched in 2004 in cooperation with the Ministry of National Education, Arçelik aims to reach children of primary education age based on the awareness that contributions to individual educational development must begin during the earlier stages of an individual's life.



As part of the “Standing United for Education” social responsibility program, Arçelik has organized an essay, poetry and painting competition titled, “Let's Protect Our Environment and Natural Resources” in order to raise awareness of depleting natural resources and the importance of saving water and energy. Arçelik exhibited the work submitted to the competition on "World Environment Day" in Istanbul.

“For My Country” National Blood Donation Campaign – Turkey

Koç Holding carries out various social responsibility activities every year within the scope of the "For My Country" Project, which it has been implementing since 2006, in order to promote a responsible citizenship culture across the holding companies and to contribute to the fulfillment of society's needs and wants.

Within the scope of the project, Arçelik has implemented a "National Blood Donation Campaign" in cooperation with the Turkish Red Crescent in 2010 and 2011. Arçelik employees, authorized dealers and services actively participated in this project, which has been launched in order to raise awareness of the importance of donating blood in Turkey and to increase the number of citizens who donate blood voluntarily on a regular basis.

Within the scope of the campaign, by the end of 2011, Arçelik employees donated a total of 6,637 units of blood. In addition, Arçelik and Beko authorized dealers and services located in the provinces actively participated in the campaign coordinated by Regional Sales Offices and ambassador dealers.



FOR MY COUNTRY!
WE KEEP ON CREATING VALUE...



Arçelik A.Ş. Electrical Household Appliances Technical Training Program and Arçelik Laboratories - Turkey

"Vocational Education: A Crucial Matter for the Nation" is a social responsibility Project initiated by Koç Holding and is supported by Arçelik's employees, authorized dealers and services. Arçelik has assumed responsibility for 26 schools within the framework of the project. Volunteers engage in various tasks such as "Vocational High School Coaches" and prepare students for the challenges of their future professional lives by contributing to their personal development and serving as role models. A 24-strong team consisting of Arçelik employees, dealers and services offer coaching to students who study at these schools. A total of 1,283 students, 590 of whom continued their education, have been selected to receive scholarships since the launch of the project.

Arçelik continued its support for the Vocational Education: A Crucial Matter for the Nation project in 2011 and launched Arçelik Electrical Household Appliances Technical Training Program - Arçelik Laboratories program in cooperation with the Ministry of National Education and General Directorate of Technical Training for Boys.

By the start of the 2011-2012 academic year, Arçelik has established four labs across Turkey: Three in Kartal, Beykoz and Zeytinburnu and one in Diyarbakır. At these schools,

122 students have begun trainings attended by 21 teachers at the Electric-Electronic Technologies - Electrical Household Appliances Technical Service as part of the Arçelik Electrical Household Appliances Technical Training Program.

With this program, Arçelik had created an industry-specific practice that contributes to the establishment and continuation of training-employment relationship. The program aims to train a workforce that can follow developments and new technologies in the Turkish household appliances industry and create new employment opportunities. Accordingly, Arçelik has established new laboratories furnished with the latest measuring instruments and equipment. The curriculum to be pursued at these labs has been redesigned in cooperation with the Ministry of National Education. Within the scope of the program, a total of 25 teachers have been trained at the Arçelik Academy.

Arçelik labs strive to train the students to be eligible for employment as technicians in the white goods and airconditioner product groups. The students will be provided with internship opportunities at Arçelik-authorized services. Those students who want to work at Arçelik-authorized dealers or at Arçelik itself and who have completed certain stages of training successfully will be offered certificates and employment opportunities.



**VOCATIONAL
EDUCATION:
A CRUCIAL
MATTER FOR
THE NATION**



Arçelik Search & Rescue Teams Helping Earthquake Victims – Turkey

In the aftermath of the devastating Van earthquake, Arçelik came to the rescue of earthquake victims through the Coordination Committee established by Koç Holding. Arçelik, which established contact with all of its dealers across Turkey and urged all of its employees to extend a helping hand to the region and participated in operations with its search & rescue team of 15 people, conducted in both Van and Erciş.

Arçelik also sent four trucks of emergency supplies to the earthquake zone. Arçelik and Beko trucks delivered ready-to-operate washing machines and dryers with detergent, water tanks, blankets, electric heaters, infrared heaters and drinking water.

The first shipment of emergency aid supplies comprising electric generators and heaters was delivered to the earthquake zone. The emergency aid supplies sent by Arçelik were distributed to earthquake victims under the surveillance of local authorities. Furthermore, emergency aid materials collected through aid campaigns launched at Arçelik's head office and other production facilities were sent to the region in lots by lorries and trucks.

Product Support from Beko - Russia

Beko LLC Russia made donations by participating in social and charity events. In March 2011, Beko LLC donated Beko washing machines and small household appliances to the Kitez and Orion Orphanage located in Kaluga, a city 300 km from Moscow. Ninety orphans are living in this orphanage as a family.

Elektrabregenz's Support for Children – Austria

Elektrabregenz, a long-established Austrian brand, provides support to an organization named Projuventüte, which looks after homeless and needy children, in line with its social responsibility approach during the 2011-2012 period. As part of the contributions made in 2011, Elektrabregenz not only donated various products to the orphanages renovated by Projuventüte, but also made contributions to the programs implemented by the organization in order to increase social awareness and generate support.

Arçelik A.Ş. Employees and Environmental Awareness “Kilimanjaro Expedition”

Arçelik A.Ş. combats climate change at all levels of the company. A team comprised of 12 Arçelik A.Ş. employees climbed Africa's highest mountain Kilimanjaro to draw attention to global warming. The climb to the mountain, which has lost 85% of its icecaps since 1912, was conducted in 17-25 September and the team was comprised of Arçelik A.Ş. employees from Turkey, Russia, Germany, Romania and France.



Defy – South Africa

- Ethelbert Children's Home

Ethelbert Children's Home is a home and shelter for 65 children who have been removed from their families due to physical and/or sexual abuse, neglect, or abandonment and those orphaned because of HIV/AIDS. Ethelbert is not an orphanage and a majority of the children who have been entrusted to this home have parents. The ultimate goal of this center is to ensure that the children are united happily with their parents after they receive rehabilitation. Ethelbert Children's Home consists of six cottages, each with two residing Child Care Workers and a maximum of twelve children.

Boys and girls are placed in separate cottages, with children under five finding a home in the toddler cottage. Ethelbert can care for a maximum of 65 children, though this number often differs due to the placement of children with rehabilitated parents or foster/adoptive parents. Besides donating white goods and electronic appliances in parallel with the necessities of the Ethelbert Children's Home, Defy also made cash donations in 2011.

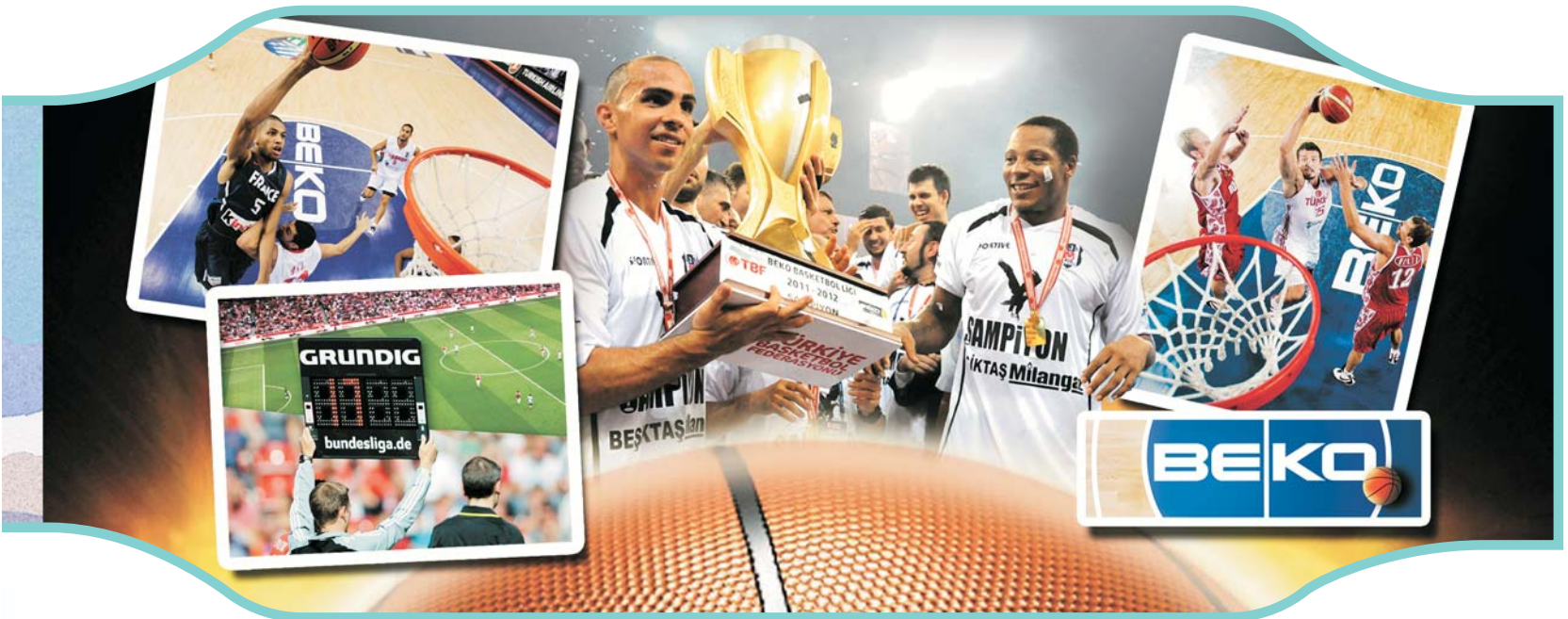
- Eersterust Welfare Organization for the Aged

Eersterust Welfare Organization for the Aged (EWOA) has been dedicated to caring for the elderly in Eersterust, Pretoria since 1961. EWOA has expanded the scope of its activities to include the elderly with disabilities regardless of race, gender, religion or creed and cares for 40 people, 90 percent of who are elderly. Three of these 90 individuals are over 100 years of age. Its vision is to ensure that the elderly, disabled and homeless are supported, protected and live respectable lives. EWOA has recently renovated its facilities for which Defy has donated new ovens.

Ecology from A to Z with Arctic - Romania

As part of its corporate social responsibility approach, Arctic has created a section titled "The ABC of Ecology" on a website available at: www.arcticpentrutine.ro. Visitors are provided with practical information on matters related to ecology and the environment and are educated on the benefits of an eco-friendly lifestyle. The aim of this online project is to raise awareness among society on environmental protection and to change habits that go against protecting the environment.





Support for Sports



Beko Basketball League - Turkey

Supporting Turkish basketball through sponsorships, the Beko brand continues to invest in this area without losing steam. Beko launched its sponsorship program in 2006 by lending its name to the Turkish Basketball League. This sponsorship, which still continues today, is the first step in associating the Beko brand with basketball through which the company aims to reach its long-term brand goals. Beko not only lent its name to the Turkish Basketball League, which has been renamed the Beko Turkish Basketball League after the launch of the sponsorship program, but also to the All-Star games, which has been renamed the Beko All-Star games.

Beko's investments in basketball, which have moved forward in parallel with the brand's "Global Brand" vision, have expanded beyond the borders of the country and have taken to the international stage. Beko became the main sponsors of the 2009 FIBA Asian Basketball Championships (China) and the 2009 FIBA European Championships (Poland). Beko also became the "Presenting Sponsor" (the biggest sponsor, who presents the championships to the entire world) of the 2010 FIBA World Basketball Championships organized in Turkey and the FIBA 2011 European Championships organized in Lithuania.

Beko Basketball Bundesliga - Germany

The German Basketball League, one of the leading basketball leagues in Europe, has been organized under the name of "Beko Basketball Bundesliga" from the start of the 2009-2010 season. Beko also sponsored sports events such as the Beko Basketball Bundesliga All Star Day, Beko BBL Top Four, Beko BBL Champions Cup and Beko Super Cup in 2011.

Beko Basketball League - Russia

The Russia Basketball League has been organized under the name of Beko Professional League since 2010. Beko also sponsors street basketball championships called "Challenge Cup," organized in various regions across Russia during the summer months as an alternative to the professional basketball league. By organizing these events, Beko aims to popularize street basketball as a main sports branch and coordinate events in which Russian youngsters living in different regions of the country engage during their spare time. These events were organized in Volgograd, Kazan and St. Petersburg in 2011.

Beko Basketball - Lithuania

Beko also became the sponsor of the Lithuanian Basketball League in 2011. The Lithuanian Basketball League will be organized under the title of "Beko LKL League" during the 2011-2012 season.

Grundig "Bundesliga Official Technology Partner" - Germany



Grundig has become the "Official Technology Partner" of Bundesliga. The Grundig logo has been displayed permanently during all Bundesliga and Bundesliga 2 broadcasts during the 2011/2012 season. This will also continue throughout the 2012/2013 season. The Grundig logo is displayed during all Bundesliga and Bundesliga 2 games, including the opening, return and relegation games, which are broadcast live.

Corporate Awards and Achievements in 2011



- Arçelik A.Ş. received three awards at the 11th “Energy Efficiency in Industry Project Contest”, organized by the Ministry of Energy and Natural Resources: “Projects for the Improvement of Energy Efficiency in Industry” category award for its Tumble Dryer Factory, “Energy Efficient Industrial Facility” category award for Eskişehir Refrigerator Plant and “Energy Efficient Product” category award for A class 30% energy saving dishwasher.
- 7 different Arçelik A.Ş. R&D facilities in different locations were awarded “R&D Facilities Certificate” in the framework of Ministry of Industry and Commerce’s no.5746 legislation.
- Arctic S.A. was the first company in Romania to receive “TPM Exceptional Plant Sustainability Award” from JIPM, Japanese Institute of Planned Maintenance.
- Beko dishwasher DSN 6634 FX was named the “Test Champion” in quality, environmental impact and ease of use categories at a comparative product test on 11 dishwashers conducted by Germany’s prestigious, independent Stiftung Warentest (StiWa) Test and Research Institute.
- 3 Beko refrigerators’ energy labels were one of the few to be deemed compliant with declaration requirements by the Appliance Testing for Energy Label Evaluation (ATLETE) project, run by European White Goods Producers’ Association (CECED) and the European Commission.
- Grundig’s Audiorama global speakers, which have remained in the same IF-Awarded design for the last 41 years, was awarded “Design Classic” by Germany and Europe’s largest interior design magazine Schöner Wohnen.
- Beko’s 4-door refrigerator and OIM22500XP built-in pyrolytic oven were both awarded Product of the Year awards in their respective categories from United Kingdom’s customer and sales channels magazine Get Connected. Beko and Blomberg were also awarded “The Best Commercial Placing” special recognition.

- Arçelik A.Ş. was awarded by the Social Security Institution of Turkey in “10 Employers That Paid Highest Premiums in 2010” and “Employers with the Highest Number of Disabled Employees in Terms of Premium-Payment Days” categories.
- Arçelik Electronics was selected the “Most Liked and Most Preferred Brand in the Shopping Malls” in producer retailer category as a result of the “Best Brands in Shopping Malls” research conducted by Shopping Malls Investors’ Association in partnership with GfK Turkey.
- Arçelik A.Ş.’s all+in+one TV won the Special Jury Award at TESİD 2011 Innovation and Creativity Awards.
- At the Istanbul Chamber of Industry’s 2010 “Sustainable Environment Friendly Products and Practices Awards” Arçelik’s Cactus Dishwasher won the 1st Place and Economist Collection of Washing Machines won the 2nd Place in Large Corporations: Sustainable Environment Friendly Product category. Arçelik’s “Standing United for Education with Arçelik Program” also won the 2nd Place in Large Corporations: Corporate Social Responsibility in the area of Environment.
- International independent accreditation institution British Standards Institution (BSI) awarded Arçelik A.Ş. with a Confirmation Certificate for its ISO 14064-1-compliant greenhouse gas emissions calculation and reporting.
- Beko Russia was awarded “Market Leader of Russia” at the “Contributions to Russia’s Economic Development Awards” organized by Russian Regional Businessmen’s Association and Russian Federation Parliament (Duma) for improvement and expansion of Beko Russia’s commercial activities and contributions of its impressive performance to the Russian economy.

Performance Data (*)

2008

2009

2010

2011

ECONOMICAL and MANAGEMENT PERFORMANCE DATA

Net Sales (Million EURO)	3,615	3,065	3,487	3,633
By region				
Turkey (Million EURO)	-	1,474	1,718	1,712
Europe (Million EURO)	-	1,238	1,329	1,437
Other (Million EURO)	-	353	440	484
By product group				
White goods (Million EURO)	-	2,044	2,208	2,394
Consumer electronics (Million EURO)	-	554	631	625
Other (Million EURO)	-	467	648	614
Gross profit (Million EURO)	1,027	1,011	1,040	1,094
Operating profit (Million EURO)	232	348	321	278
Income before tax (Million EURO)	15	268	330	265
Net income (Million EURO)	3	234	276	233
Total assets (Million EURO)	3,204	2,975	3,573	3,764
Total current liabilities (Million EURO)	1,397	1,472	1,143	1,445
Total liabilities (Million EURO)	2,269	2,705	1,910	2,269
Total equity (Million EURO)	935	1,270	1,663	1,494
Dividends paid (Million EURO)	54	1	55	113
Capital expenditures (Million EURO)	187	96	127	157
Dividends per share (EURO)	0.013	0.069	0.186	0.191
Year-end share price (EURO)	0.96	2.71	3.81	2.50
Year-end market value (Million EURO)	385	1,830	2,572	1,692
Corporate Governance Rating	-	8.21	8.55	8.59
Economic value generated (Million TL)	7,639	7,170	7,347	8,927
Revenues (Million TL)	7,639	7,170	7,347	8,927
Economic value distributed (Million TL)	7,855	6,353	6,911	8,774
Operating cost total (Million TL)	5,893	5,379	5,745	7,135
Personnel expenses (Million TL)	625	577	706	824
Payments to Providers of Funds (Million TL)	1,266	333	389	736
Payments to Governments as Income Tax (Million TL)	65	63	62	71
Community Investments (Million TL)	6	1	9	8
Economic Value Retained (Million TL)	(216)	817	436	153

ENVIRONMENTAL PERFORMANCE DATA

Raw Materials and Other Material Use - Total (Ton)	-	-	656,999	681,431
Raw Materials - Plastics (Ton)	-	-	59,263	73,493
Raw Materials - Metals (Ton)	-	-	244,045	295,863
Raw Materials - Others (Tons)((1)	-	-	186	192
Materials (Tons)(2)	-	-	343,630	304,404
Chemicals (Tons)(3)	-	-	9,875	7,479

	2008	2009	2010	2011
Total Water Withdrawal by Source (m ³)	1,286,771	1,301,498	1,409,750	1,477,482
Wells (m ³)	374,866	374,187	436,176	406,583
Municipal Water (m ³)	911,905	927,311	973,574	1,070,899
Total Water Discharge by Destination (m ³)	800,478	857,147	824,673	951,242
Public Tailrace Connection Discharge (m ³)	233,155	328,421	230,083	303,454
Receiving Systems (m ³)	205,920	135,002	171,770	190,940
Industrial Zone Sewage Systems (m ³)	361,203	393,724	422,820	456,848
COD Values of Discharged Water				
Cooking Appliances (mg/l)(limit value: 100.00)	30	30	22	39
Dishwashers (mg/l)(limit value: 1,000.00)	81.3	94.8	58.6	106.8
Electronics (mg/l)(limit value: 600.00)	89	198	44	51
Refrigerators and Compressors (mg/l)(limit value: 100.00)	<10	17	22	<30
Tumble Dryers (mg/l)(limit value: 1,000.00)	130	130	30	30
Washing Machines (mg/l)(limit value: 600.00)	142.7	114	123.6	40
Direct Energy Consumption by Primary Source (GJ)	1,209,492	1,080,419	1,219,911	1,327,041
Diesel (GJ)	4,378	5,691	9,237	14,408
Fuel-oil (GJ)	93,248	59,969	53,669	56,775
LNG (GJ)	180,201	12,355	0	0
LPG (GJ)	71,393	34,336	55,539	43,272
Natural Gas (GJ)	860,272	968,068	1,101,466	1,212,587
Indirect Energy Consumption by Source (GJ)	581,591	524,158	566,914	602,194
Electricity (GJ)	581,591	524,158	566,914	602,194
Total GHG Emissions (Tons CO _{2e})	-	-	157,725	173,149
Direct GHG Emissions (Tons CO _{2e})	-	-	77,038	84,254
Indirect GHG Emissions (Tons CO _{2e})	-	-	80,687	88,895
Total GHG Reduced Through Efficiency Projects (Tons CO _{2e})	-	-	7,560	11,090
Direct GHG Emissions Reduced (Tons CO _{2e})	-	-	1,551	3,761
Indirect GHG Emissions Reduced (Tons CO _{2e})	-	-	6,009	7,329
Total Wastes by Type (Tons)			65,805	60,383
Hazardous Wastes (Tons)	-	-	1,970	2,107
Non-Hazardous Wastes (Tons)	-	-	63,835	58,276
Total Wastes by Treatment Method (Tons)				
Wastes Recovered (Tons)	-	-	64,366	58,012
Wastes Disposed (Tons)	-	-	1,439	2,371
Environmental Protection Expenditures and Investments (TL)	-	-	4,443,260	6,333,821
Environmental Trainings (person*hour)				
Employee Trainings (person*hour)	-	-	11,055	15,904
Subcontractor Trainings (person*hour)	-	-	680	303
Community Trainings (person*hour)	-	-	1,100	255

	2008	2009	2010	2011
SOCIAL PERFORMANCE DATA				
Total Number of Employees	12,678	12,264***	13,735***	14,631***
Employee Breakdown by Status				
Blue Collars	10,866	10,405	11,734	12,454
White Collars	1,812	1,859	2,001	2,177
Employee Breakdown by Gender				
Female	-	2,698	3,022	3,219
Male	-	9,566	10,713	11,412
Employee Breakdown by Contract Type				
Permenant	11,652	11,804	12,910	13,337
Temporary	1,026	460	825	1,294
Average Age by Employee Category				
Top Management	47	46	46	47
Mid-Management	42	42	42	44
Experts & Staff	34	36	35	35
Average Seniority by Employee Category				
Top Management	18	15	15	16
Mid-Management	15	14	14	16
Experts & Staff	8	9	8	9
Employees Covered by Collective Bargaining Agreement (%)	86	85	85	85
Employee Trainings (person*hour)	265,807	180,021***	296,185***	306,743***
Blue Collars (person*hour)	176,046	137,278	247,849	220,402
White Collars (person*hour)	89,761	42,743	48,336	86,341
Accident Frequency Rate(F) (4)	16.45	10.49***	8.41***	5.73***
Accident Gravity Rate (G) (5)	0.152	0.113***	0.085***	0.078***
Safety Factor (6)	0.0025	0.0012***	0.0007***	0.0004***
Employee Turnover (%)	7.4	9.5***	9.6***	13.1***
Employee Turnover by Gender				
Female (%)	3.3	6.6	4.7	6.9
Male (%)	10.8	8.2	11	14.9
Senior Management by Gender				
Female (%)	-	-	12	10
Male (%)	-	-	88	90

(*) Data presented covers for operations in Turkey in accordance with reporting boundries,

(**) Gender based turnover is calculated in line with the ratio of total employee number according to gender,

(1) Presented data reflect isolation raw material consumption,

(2) Presented data reflect all materials and semi-finished products employed as a part of finished products,

(3) Adhesives, lubricants, paints, enamels, operational and all other chemicals are included to the presented data

(4) Accident Frequency Rate (F)= (Total Number of Work Accidents/Total Working Hours)*1,000,000

(5) Accident Gravity Rate (G)= (Total Number of Lost Workdays Due to Work Accidents / Total Working Hours)*1,000

(6) Safety Factor= (F*G)/1,000

***These numbers have received limited assurance from an independent assurance firm ("PwC").

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
Profile Indicators				
1.1	Message From the CEO	2-3		Full
1.2	Message From the CEO	2-3		Full
	Sustainability Performance 2011	5		
	Corporate Governance	12		
	Risk Management	13		
2.1	Contact	Inside Back Cover		Full
2.2	Arçelik A.Ş. 2011 Annual Report	20	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
	Corporate Website		http://www.arcelikas.com/page/80/Brands	
2.3	Corporate Website		http://www.arcelikas.com/page/74/Yonetim	Full
	About Arçelik A.Ş.	8-9	http://www.arcelikas.com/page/59/Worldwide http://www.arcelikas.com/page/57/Plants	
	Arçelik A.Ş. 2011 Annual Report	21-22	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	
2.4	Contact	Inside Back Cover		Full
	Corporate Website		http://www.arcelikas.com/page/264/Contact	
2.5	About Arçelik A.Ş.	8-9		Full
	About the Report	Inside Front Cover		
	Arçelik A.Ş. 2011 Annual Report	21-22	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	
2.6	Arçelik A.Ş. 2011 Annual Report	15	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
2.7	About Arçelik A.Ş.	8-9		Full
	Arçelik A.Ş. 2011 Annual Report	20-21	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	
2.8	Talent Magnet	32		Full
	Arçelik A.Ş. 2011 Annual Report	14	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	
2.9	Arçelik A.Ş. 2011 Annual Report	15	Detailed information about significant changes in reporting period can be obtained from Investor Relations/ Latest Developments section located at our corporate website. http://www.arcelikas.com/UserFiles/file/FR2011(1).pdf	Full
2.10	Corporate Rewards and Achievements in 2011	64-65		Full
3.1	About the Report	Inside Front Cover		Full
3.2	Corporate Website	69-73	http://www.arcelikas.com/UserFiles/file/surdurulebilirlik/KSS%20Sustainability%20Report%202010.pdf	Full
3.3	About the Report	Inside Front Cover		Full
3.4	Contact	Inside Back Cover		Full
3.5	Sustainability Management	14		Full
	About the Report	Inside Front Cover		
3.6	About the Report	Inside Front Cover		Full
3.7	About the Report	Inside Front Cover		Full
3.8	About the Report	Inside Front Cover		Full
3.9	About the Report	Inside Front Cover		Full
3.10	About the Report	Inside Front Cover		Full
3.11	About the Report	Inside Front Cover		Full
3.12	GRI Indicators Table	69-73		Full
3.13	Independent External Assurance Report	75	The data within the scope of the report, regarding employee number, employee turnover, training hours, accident frequency rate, accident gravity rate and general accident rate which are detailed in Reporting Guideline Annex-1 and which cover the years ending with the dates 31.12.2009-31.12.2010 and 31.12.2011, were subjected to limited independent audit by PwC, an international independent auditing organization.	Full
4.1	Corporate Governance	12		Full
	Risk Management	13		
	Sustainability Management	14		
	Corporate Website		http://www.arcelikas.com/page/75/board_directors	
4.2	Corporate Governance	12		Full
4.3	Corporate Governance	12		Full
4.4	Sustainability Management	14		Full
	Dialogue with Stakeholders	16		
	Employee Engagement	31-32		
	Arçelik A.Ş. 2011 Annual Report	59	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	
4.5	Arçelik A.Ş. 2011 Annual Report	68	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
4.6	Corporate Website		http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20Değerler%20İngilizce.pdf	Full
	Arçelik A.Ş. 2011 Annual Report	62-63	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
4.7	Corporate Governance Arçelik A.Ş. 2011 Annual Report	12 54-59	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
4.8	Corporate Governance Sustainability Management Sustainable Success Environmental Management Occupational Health and Safety Corporate Website	12 14 30 18-19 36	http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20Değerler%20İngilizce.pdf	Full
4.9	Risk Management Sustainability Management	13 14		Full
4.10	Corporate Governance Arçelik A.Ş. 2011 Annual Report	12 67-68	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
4.11	Risk Management Arçelik A.Ş. 2011 Annual Report	13 65	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
4.12	Sustainability Management Combatting Climate Change Environmental Management Efficiency in Material Use Energy and Emission Management Sustainable Success Supplier Relations	15 17 18 20 22 30 42		Full
4.13	Sustainability Management Dialogue with Stakeholders	15 16		Full
4.14	Dialogue with Stakeholders	16		Full
4.15	Sustainability Management Dialogue with Stakeholders	14 16		Full
4.16	Dialogue with Stakeholders	16		Full
4.17	Call Center After Sales Arçelik A.Ş. 2011 Annual Report	54 54 59	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
Management Approach				
DMA EC	Combatting Climate Change Message From the CEO Raising Public Awareness on Resource Consumption We Offer Environment Friendly, Innovative Products which Make Life Easier and Excellent Services to Our Customers Energy and Emission Management Performance Data Talent Magnet Purchasing by Numbers Innovation Champion Arçelik Innovative Products Energy Labelling Standing United for Education with Arçelik Arçelik A.Ş. Search & Rescue Teams Helping Earthquake Victims Ethelbert Children's Home For My Country Vocational Education: A Crucial Matter for the Nation	17 2-3 25 47 22 66 33 41-42 48 49-52 52 58 61 62 59 60	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full
DMA EN	Efficiency in Material Use Disposal, Reuse and Recycling of Products Message From the CEO Sustainability Performance 2011 Energy and Emission Management Energy Consumption and Emission Reduction Projects We Offer Environment Friendly, Innovative Products which Make Life Easier and Excellent Services to Our Customers Innovation Champion Arçelik Innovative Products Energy Labelling	20 55 2-3 5 23 23 47 48 49-52 52	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
	Performance Data Sustainability Management Water Use and Recovery Water Discharge Integrated Waste Management Environmental Approaches for Product Distribution Environment Protection Investments and Expenses Use of Packages and Packaging Waste Management	67 15 20 21 24 53-54 25 55		Full
DMA LA	Talent Magnet Performance Data Freedom of Association and Collective Bargaining Sustainable Success Occupational Health and Safety Performance Management Development and Talent Management	32-33 68 31 30 36-37 34 34-35	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full
DMA HR	Supplier Relations Sustainable Success Occupational Health and Safety	42 30 37	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full
DMA SO	Sustainability Management Risk Management Direct Answer SO6	14-15 13 73	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full
DMA PR	Sustainability Management Efficiency in Material Use Expectations from the Suppliers Innovative Products Product Information After Sales Call Center Energy Labelling	14-15 20 43-44 49, 52, 54 52 54 54 52	Sustainability Performance 2011 (p.5), Risk Management (p.13), Sustainability Management (p.14-15), Dialogue with Stakeholders (p.16)	Full
Performance Indicators				
EC1	Arçelik A.Ş. 2011 Annual Report Performance Data	14 66	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
EC2	Combatting Climate Change Message From the CEO Energy and Emission Management We Offer Environment Friendly, Innovative Products which Make Life Easier and Excellent Services to Our Customers Raising Public Awareness on Resource Consumption	17 2-3 22 47 25		Partial
EC4	Arçelik A.Ş. 2011 Annual Report	136	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
EC5	Talent Magnet	33		Partial
EC6	Purchasing by Numbers Arçelik A.Ş. 2011 Annual Report	41-42 41	http://www.arcelikas.com/UserFiles/file/ArcelikFRENG2011.pdf	Full
EC8	Standing United for Education with Arçelik For My Country Vocational Education: A Crucial Matter for the Nation Arçelik A.Ş. Search & Rescue Teams Helping Earthquake Victims Ethelbert Children's Home	58 59 60 61 62		Full
EC9	Vocational Education: A Crucial Matter for the Nation Innovation Champion Arçelik Innovative Products Energy Labelling	60 48 49-52 52		Full
EN1	Efficiency in Material Use	20		Full
EN2	Disposal, Reuse and Recycling of Products	55		Partial
EN3	Energy and Emission Management Performance Data	23 67		Full
EN4	Energy and Emission Management Performance Data	23 67		Partial
EN5	Energy Consumption and Emission Reduction Projects	23		Full

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
EN6	Message From the CEO	2-3		Full
	Sustainability Performance 2011	5		
	We Offer Environment Friendly, Innovative Products which Make Life Easier and Excellent Services to Our Customers	47		
	Innovation Champion Arçelik	48		
	Innovative Products	49		
Energy Labelling	52			
EN7	Energy Consumption and Emission Reduction Projects	23		Full
EN8	Water Use and Recovery	20		Full
EN9	Sustainability Management	15	Since the most significant share of the water used is withdrawn from the municipal systems and no water bodies with RAMSAR or similar protection status are employed, Arçelik operations does not result in any stress, as expressed by this indicator, on water bodies.	Full
	Water Use and Recovery	20		
EN11	Sustainability Management	15		Full
EN13	Sustainability Management	15		Full
EN14	Sustainability Management	15		Full
EN16	Energy and Emission Management	22		Full
	Performance Data	67		
EN18	Energy Consumption and Emission Reduction Projects	23		Full
	Performance Data	67		
EN19	Efficiency in Material Use	20		Full
EN21	Water Discharge	21	Water discharged from Arçelik's plants is not used by other organizations.	Full
	Performance Data	67		
EN22	Integrated Waste Management	24		Full
	Performance Data	67		
EN25	GRI Indicators Table	72	The most significant share in waste water occurred in Arçelik's plants is discharged to public or industrial zone sweage systems. Only a small portion is discharged to receiving environments. Since waste water is discharged only after the treatment process and reached to the quality level required by legal regulations, biodiversity value of no receiving environment is not harmed.	Full
EN26	Message From the CEO	2-3		Full
	Sustainability Performance 2011	5		
	We Offer Environment Friendly, Innovative Products which Make Life Easier and Excellent Services to Our Customers	47		
	Innovation Champion Arçelik	48		
	Innovative Products	49-52		
	Energy Labelling	52		
	Environmental Approaches for Product Distribution	53-54		
	Disposal, Reuse and Recycling of Products	55		
Use of Packages and Packaging Waste Management	55			
EN27	Use of Packages and Packaging Waste Management	55		Partial
EN28	GRI Indicators Table	72	No fines occurred for non-compliance with environmental legislation during the reporting period.	Full
EN29	Environmental Approaches for Product Distribution	53-54		Partial
EN30	Environment Protection Investments and Expenses	25		Full
LA1	Talent Magnet	32-33	As the report covers Arçelik's activities and projects carried out only in Turkey no regional breakdown is cited.	Full
	Performance Data	68		
LA2	Talent Magnet	33	As the report covers Arçelik's activities and projects carried out only in Turkey no regional breakdown is cited.	Full
LA3	Talent Magnet Corporate Website	32-33	http://www.arcelikas.com/page/197/Compensation%20and%20Benefits	Full
LA4	Freedom of Association and Collective Bargaining	31		Full
	Performance Data	68		
LA5	Sustainable Success	30		Full
LA6	Occupational Health and Safety	36		Full

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
LA7	Occupational Health and Safety Performance Data	37 68		Partial
LA 8	Performance Data	37		Full
LA9	Freedom of Association and Collective Bargaining	31		Full
LA10	Performance Management Performance Data	34 68		Full
LA11	Development and Talent Management	34-35		Full
LA12	Performance Management	34		Full
LA13	Performance Data	68		Partial
LA14	Talent Magnet	33	Any personal property of employees can not be the reason of different application in remuneration process. According to employees performance results and job responsibilities, salary can be changed .However, the salary can not be change according to sex discrimination.	Full
HR2	Supplier Relations	42		Partial
HR4	Sustainable Success	30	No such case occurred and no complaints received during the reporting period.	Full
HR5	Sustainable Success	30	All Blue Collar workers collective bargaining, organization and unionization rights are secured. All employees are free to become a member of the labour union which they prefer and to benefit collective bargaining rights. During the reporting period, no breach or risk is identified within Arçelik Organization.	Full
HR6	Sustainable Success	30	No child labor is employed in Arçelik. During the reporting period, no breach or risk is identified within Arçelik Organization.	Full
HR7	Sustainable Success	30	No Arçelik operation employees forced or compulsory labor. During the reporting period, no breach or risk is identified within Arçelik Organization.	Full
HR8	Occupational Health and Safety	37		Full
SO1	Sustainability Management	15		Full
SO2	Risk Management Arçelik A.Ş. 2011 Annual Report	13 18		Partial
SO6	GRI Indicators Table	73	No political ideology or agenda; accordingly no political opinion or position; no political party, movement or initiative is supported directly or indirectly by Arçelik A.Ş.	Full
PR1	Innovative Products	49, 52, 54		Full
PR3	Sustainability Management Efficiency in Material Use Expectations from the Suppliers Innovative Products Product Information	15 20 43-44 49 52		Full
PR5	After Sales Call Center	54 54		Full
PR6	Sustainability Management Efficiency in Material Use Energy Labelling	15 20 52		Full

Annex 1 : Reporting Guidance

Arçelik A.Ş. Number of Employees, Employee Turnover, Hours of Employee Training, Occupational Health and Safety Indicators Reporting Guidance

This Reporting Guidance ("Guidance") supports the preparation and reporting of number of employees, employee turnover, hours of employee training, occupational health and safety indicators of Arçelik A.Ş. (the Company). It is the responsibility of the Company management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

All data up to and including from FY 09 (financial year starting 1 January 2009) to FY11 (financial year ending 31 December 2011), only comprises the relevant operations in Turkey, excluding all international operations. The data for the related years, therefore, do not represent the entire Arçelik A.Ş. operations.

General Reporting Principles

In preparing this guidance document, the following principles have been considered:

- Preparation of Information - the main principles have been defined as to be relevance and reliability in terms of the preparation of information and it is aimed to allow the ones who will use this information to emphasize on this issue.
- Reporting of Information - the main principles have been defined as to be comparability/consistency of information with other data including prior year and understandability/ transparency providing clarity to users.

Key Definitions

The definitions included in this report and the company's explanations for these definitions are as follows:

Blue-collar employees: It stands for employees working at an hourly rate.

White-collar employees: It stands for employees working at a monthly wage.

Number of Employees: Total number of white and blue collar employees in the Company payroll whose premiums are paid to the Social Security Institution.

Employee Turnover: The ratio of the total number of employees dismissed by the Company and leaving the Company voluntarily and total number of employees

Hours of Employee Training:

It represents the sum of:

- Total hours of training (technical, functional, on-the-job trainings, outdoor, orientation and class trainings) that has been provided by the Company or any third party training institution to white and blue collar employees.
- Total hours of completing e-learning and reading materials which are prepared for white collar employees in Koç Academy Portal developed by Koç Holding.

Hours of Employee Training Per Employee (Hour/Person): Total hours of employee training (White & Blue Collar Employee)/ Total Number of Employees (White & Blue Collar Employee)

Employee Turnover: The ratio of the total number of employees leaving voluntarily and dismissed from the company to the total number of employees.

Occupational Health and Safety Indicators

Accident: The incident which leads an employee within the Company to become incapable of working for one day or more.

Total Working Hours: Total number of hours worked within the boundaries of workplace by white and blue collar employees.

Loss of Working Days : Total number of working days in which the Company's employees are incapable of working due to accidents.

Accident Frequency Rate (F) : (Total Number of Work Accidents/Total Working Hours)*1,000,000

Accident Gravity Rate (G): (Total Number of Lost Workdays Due to Accidents / Total Working Hours) * 1,000

Safety Factor: (F*G)/1,000

Scope of the Report

For FY09, FY10 and FY11, data of number of employees, employee turnover, hours of employee training, occupational health and safety indicators are shown for the following locations and other management units operating in Turkey:

- Ankara, Dishwasher Plant
- İstanbul Çayırova, Washing Machine Plant
- Eskişehir, Refrigerator Plant
- Eskişehir, Compressor Plant
- Bolu, Cooking Appliances Plant
- Tekirdağ Çerkezköy, Electric Motors Plant
- Tekirdağ Çerkezköy, Tumble Dryer Plant
- İstanbul Beylikdüzü, Electronics Plant
- Headquarters

The following information is omitted from the scope of reporting:

- Data regarding contractor employees working for the Company
- Company's operations outside Turkey

Data Preparation

Number of Employees

Personal information of each employee who starts to work in the Company is registered to the Bilin Humanist Software that is created for human resources applications, by Human Resources Department. Bilin Humanist software generates data such as employee breakdown data by status (blue/white collar), gender and contract type (permanent/ temporary).

Employee Turnover

Cancellation of labor contract of an employee is performed via Bilin Humanist software. Bilin Humanist software generates employee turnover data by gender and age for the calculation of employee turnover.

Hours of Employee Training

Name of the training, details of participant and total hours of the training offered to white and blue collar employees are registered to participatory forms. The information on these forms are registered to the Bilin Humanist software by the related human resources department. One-day training is considered to be 6 hours.

Hours of training that is registered with the status of "Completed" for each employee in Koç Academy Portal is included in the total hours of employee training. e-learnings and reading materials in Koç Academy Portal is considered to be 2 hours.

Occupational Health and Safety Indicators

Accident Frequency Rate

- The accidents with lost days of 1 day or more are included in the total number of accidents.
- Working hours of blue collar employees are calculated via BARDES PBS MSSQL software which keeps data of time of entrance and departure of employees.
- Working hours of white collar employees are calculated via following formula:
White collar employees working hours = Number of white collar employees * Total number of working days *9 hours

Accident Gravity Rate

- Number of lost days is calculated by determining the period of incapable of working hours of an employee via BARDES PSB MSSQL software and comparing with the incapacity report of the employee given by health institution. One working day is considered to be 7,5 hours.

Independent Assurance Report



Independent Limited Assurance Report to the Directors of Arçelik A.Ş.

We have been engaged by the directors of Arçelik A.Ş. ("Arçelik") to perform an independent limited assurance engagement in respect of Arçelik's Sustainability Report 2011 (the "Sustainability Report"), for the years ended 31 December 2011, 2010 and 2009.

What we did and our conclusions

We planned and performed our work, summarised below, to obtain the evidence we considered necessary to reach our limited assurance conclusions on the Selected Information. The scope of our work was restricted to the Selected Information for the years ended 31 December 2011, 2010 and 2009 and does not extend to information in respect of earlier periods or to any other information in the Sustainability Report.

What we are assuring ("Selected Information")

The Selected Information marked with the ("****") as set out in the Sustainability Report on page 68. that consists of:

- The data consisting of number of employees, employee turnover rates, hours of employee training, occupational health and safety indicators for the years ended 31 December 2011, 2010 and 2009 and comprising the relevant production facilities and management units in Turkey (together "the Selected Information") which has been prepared based on the Reporting Guidance document set out in the Sustainability Report.

How the information is assessed ("Reporting Guidance")

Arçelik's Reporting Guidance document (within the Sustainability Report) sets out how the Selected Information is measured, recorded and reported.

Professional standards appliedⁱ and Level of assuranceⁱⁱ

Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000") and IFAC Code of Ethics.

Limited assurance.

Understanding reporting and measurement methodologies

There is not yet an established practice for evaluating and measuring the Selected Information. Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary.

Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is therefore important to read and understand the Reporting Guidance (within the Sustainability Report) that Arçelik has used to evaluate and measure the Selected Information.

Work done

We performed the following activities:

- Made enquiries of relevant Arçelik management;
- Evaluated the design and implementation of key processes and controls over the Selected Information. This did not extend to testing that the controls operated as intended for the period under review;
- Assessed the source data used to prepare the Selected Information for 2011, 2010 and 2009, including re-performing a sample of calculations;
- Carried out analytical procedures over the Selected Information;
- Limited substantive testing on a selective basis of the Selected Information, and
- Assessing the disclosure and presentation of the Selected Information.

Arçelik's responsibilities

The directors of Arçelik are responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error;
- Establishing objective assessment and Reporting Guidance for preparing the Selected Information;
- Measuring Arçelik's performance based on the Reporting Guidance document; and
- The content of the Arçelik Report.

Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusions to the directors of Arçelik.

Our conclusions

As a result of our procedures nothing has come to our attention that indicates the Selected Information for the years ended 31 December 2011, 2010 and 2009 is not prepared in all material respects in accordance with the Reporting Guidance.

This report, including our conclusion, has been prepared solely for the directors of Arçelik as a body in accordance with the agreement between us, to assist the directors in reporting Arçelik's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report for the year ended 31 December 2011, to enable the directors to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and Arçelik for our work or this report except where terms are expressly agreed between us in writing.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Ediz Günsel, SMMM
Partner

Istanbul, 4 December, 2012

ⁱ We comply with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the IAASB, and the applicable independence and competency requirements as articulated by the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. To comply with those standards, our work was carried out by an independent and multi-disciplinary team of sustainability and assurance specialists.

ⁱⁱ Assurance, defined by the International Auditing and Assurance Standards Board (IAASB), gives the user confidence about the subject matter assessed against the reporting guidance. Reasonable assurance gives more confidence than limited assurance, as a limited assurance engagement is substantially less in scope in relation to both the assessment of risks of material misstatement and the procedures performed in response to the assessed risks.



Statement GRI Application Level Check

GRI hereby states that **Arçelik A.Ş.** has presented its report "Arçelik A.Ş. Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 7 December 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Arçelik A.Ş. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 December 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Disclaimer

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

Neither Arçelik, nor any of its managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this Report.

The content of this Report may not be copied, modified or distributed without the express written permission of Arçelik A.Ş. Arçelik A.Ş. reserves all rights.

We appreciate your feedback and inquiries regarding this Report and Arçelik's sustainability activities.

Contact us, the Corporate Communications Department
E-mail: corporateinfo@arcelik.com

For Arçelik's latest Annual Report and Sustainability Report you may visit the following website:
www.arcelikas.com

2011 Arçelik A.Ş. Annual Report - Gold Award
2011 Arçelik A.Ş. Sustainability Report - Gold Award
2010 Arçelik A.Ş. Annual Report - Honor Award
2009 Arçelik A.Ş. Annual Report - Silver Award
2008 Arçelik A.Ş. Annual Report - Platinum Award
by the LACP (League of American Communication Professionals)

Arçelik A.Ş. Communication

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Company advising on the contents and the structure of the report

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