

Respects
THE GLOBE
Respected
GLOBALY



Arçelik A.Ş. / **60th** Year
Sustainability Report 2015

• DONDURMACI •

We remain deeply saddened by the untimely death of Koç Holding Chairman Mustafa V. Koç.

Mustafa V. Koç leaves behind a substantial, highly successful and proud legacy from his 32-year professional career, which included 13 years as Chairman of Koç Holding.

During his tenure as Chairman, groundbreaking investments were undertaken with determination. The Holding's position in the domestic market was reinforced through successful acquisitions. Koç corporate banner was planted in new countries and our international operations expanded. The Holding's and nation's overseas revenues significantly increased through large-scale export projects. Mustafa V. Koç's global vision turned the Holding into one of the world's leading corporations and Koç Holding achieved the honor of being the only Turkish firm on the Fortune 500 list.

During his life, Mustafa V. Koç was committed to the motto of Holding founder Vehbi Koç, "I exist as long as my country exists and prospers". He was not only a leader who took on ambitious business ventures, but also a pioneer in social responsibility projects, which he wholeheartedly embraced to contribute to the nation's social advancement.

Always a firm believer in Turkey's bright future, Mustafa V. Koç leaves behind a permanent mark with his vision, philanthropy, leadership and most important of all, humanitarian values. He was truly a man of the people. A leader who energized and supported his employees, he was also a source of inspiration with his global perspective, determination, values and business ethics.

Going forward, we shall transform Koç Holding from a company with international operations into a truly global company in line with his values, broad vision and dynamism...

We will remember him with respect, affection and gratitude.

KOÇ GROUP



Mustafa V. Koç
(1960-2016)

Respects **THE GLOBE** *Respected* **GLOBALLY**

We are conscious of our responsibilities.
We strive to leave a better world behind for future
generations.
Our corporate vision leads us in meeting these
responsibilities.

About the Report

The "Arçelik A.Ş. Sustainability Report 2015" was prepared to present Arçelik A.Ş.'s sustainability performance for the period between January 1 and December 31, 2015, to our stakeholders. The report includes the company's sustainability policies, objectives, practices, and performance in social, environmental and economic areas. The report was based on the performance data of Turkish operations due to the significance of their impact on sustainability and since they constitute the greatest part of the organization. The report highlights the transition towards a more extensive reporting scope, and includes human resources and environmental data as well as best practices by two of Arçelik A.Ş.'s subsidiaries abroad, the UK's Beko Plc and Romania's Arctic SA.

As in the previous reporting period, Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines were used to determine the scope and maintain the consistency of the report. The foundation of the report used the results of studies conducted during the reporting period as well as stakeholder feedback to the previous report, and was prepared in accordance with the 'core' option of G4 Guidelines. While the report covers material aspects extensively, other organizational performance indicators are described in the "Performance Data" section. Furthermore, emission data was subjected to limited third party assurance by an independent international audit company. The "Sustainability Management" section covers details of material aspects, and how the Arçelik A.Ş. Sustainability Report Working Group and senior management determined report content.



| | |
|----|---|
| 4 | Message from the CEO |
| 6 | The Sustainability Journey |
| 8 | About Arçelik A.Ş. |
| 10 | Management Approach |
| 11 | Corporate Governance |
| 11 | Risk Management |
| 12 | Sustainability Management |
| 16 | Dialog with Stakeholders |
| 18 | Respect for Human and Employee Rights |
| 20 | Talent Acquisition |
| 22 | Organizational Development and Talent Management |
| 23 | Employee Development |
| 26 | Employee Engagement and Motivation |
| 27 | Employee Communication |
| 28 | Occupational Health and Safety |
| 29 | Freedom of Association |
| 30 | Environmental and Energy Management |
| 31 | Our Environmental and Energy Management Approach |
| 32 | Combating Climate Change |
| 33 | Energy Efficiency in Production |
| 34 | Energy Efficiency in Products |
| 35 | Respect for Biodiversity |
| 36 | Use of Natural Resources and Waste Management |
| 37 | Integrated Waste Management |
| 37 | Efficiency in Raw Material and Material Use |
| 38 | Wastes from Production Processes |
| 39 | Use of Packages and Packaging Waste Management |
| 39 | Product Reuse, Recycling and Disposal |
| 41 | Water Reuse, Recovery and Discharge in Production |
| 42 | Water Efficiency in Products |
| 44 | Sustainability Management in Value Chain |
| 45 | Innovative and Superior Technology |
| 47 | Responsible Purchasing |
| 49 | Distribution and Authorized Dealer Network |
| 50 | Responsible Supply Chain |
| 50 | After Sales |
| 52 | Social Development |
| 53 | Social Projects and Support Activities |
| 56 | International Support Activities |
| 60 | Arçelik A.Ş. and Sports |
| 62 | Awards and Achievements in 2015 |
| 64 | Performance Data |
| 68 | GRI G4 Content Index |
| 73 | Independent Assurance Reports |



Distinguished Stakeholders,

2015 was a very important year for sustainable development. The development paradigm was rephrased in accordance with the new UN Sustainable Development Goals to overcome the vast social, economic and environmental challenges of today's world. These global issues are the primary risks to the sustainable future of our world and pose unprecedented challenges for businesses.

By all measures, 2015 was a pivotal year for Arçelik as well. While maintaining our position as the third largest home appliances company across Europe, we expanded our global outreach. Launching operations in Belgrade, Malaysia and Vietnam, the number of our worldwide sales and marketing offices reached 28, and our 15th plant started producing refrigerators in Thailand. Arçelik's global presence is strongly confirmed by financials that recorded a 13 percent year-on-year growth in 2015.

In line with our vision "Respects the Globe, Respected Globally" we are committed to tackling climate change and acting as industry pioneers on a global scale. We reaffirmed our commitment to the new universal climate change agreement by signing the "Paris Pledge for Action," and by attending COP21 in Paris. We also continue to collaborate with regulatory bodies in emerging markets to establish standards of efficiency in both the regulation and implementation of new technologies. We work very hard to integrate sustainability into our business at all levels, from supply chain to production to after sales, while increasing our global presence and prevalence.

As an industry leader, by cooperating closely with our business partners in our value chain we can leverage our experience to optimize and increase the efficiency of our processes, in addition to developing more sustainable products and fostering sustainable consumption.

“Deriving strength from 60 years of proud corporate history, we are poised to expand our global presence and break new ground. We intend to do this through continuous innovation and technological know-how.

Guided by our vision and corporate values, we will continue to create economic and social value for all our stakeholders in 2016 and beyond.”

We are fully aligned with the energy efficiency limits relevant to our industry in all 130 countries we provide products and services. Thanks to our successful performance during the reporting period, we have come to enjoy the highest “AAA” rating on the Morgan Stanley Capital International (MSCI) Global Sustainable Index Series, as well as joining the 29 companies on the Borsa Istanbul (BIST) Sustainability Index. We have been a part of the Carbon Disclosure Project (CDP) since 2012 and have been awarded by CDP Turkey for four consecutive years.

We make a difference within our business by ensuring that innovation is an inseparable part of our corporate culture and business model, and by developing innovative solutions at every stage. Our resources allocated to the R&D of environmentally friendly products rose by 30% when compared with 2014, reaching 47 million Turkish lira. We took a significant step in our global R&D investments by opening our 10th R&D office in the Cambridge Science Park, in UK.

I am very pleased to present you our 8th sustainability report, highlighting the results of our progress and practices in 2015. It is enriched with the best practices in human resources and environmental data from our subsidiaries Beko Plc UK and Romania Arctic S.A.

Deriving strength from 60 years of proud corporate history, we are poised to expand our global presence and break new ground. We intend to do this through continuous innovation and technological know-how. Guided by our vision and corporate values, we will continue to create economic and social value for all our stakeholders in 2016 and beyond.

I would like to take this opportunity to thank our employees, authorized dealers and services, suppliers, business partners, customers and shareholders once again for contributing to another successful year. Without your contributions, our success would not have been possible.

Sincerely,



Hakan BULGURLU
CEO, Arçelik A.Ş.

Sustainability Journey

| | |
|------|---|
| 2003 | <ul style="list-style-type: none"> We adopted the Corporate Governance Principles (CGP) established by the Capital Markets Board of Turkey. |
| 2004 | <ul style="list-style-type: none"> We started to publish our CGP Compliance Report both within our Annual Report and on our website. Our Turkish operations were compliant with packaging waste regulations prior to their publication. |
| 2005 | <ul style="list-style-type: none"> We signed the Code of Conduct issued by the CECED (European Committee of Domestic Equipment Manufacturers). |
| 2006 | <ul style="list-style-type: none"> We redefined our HR policy and procedures according to the United Nations Global Compact (UNGC). We published our Arçelik HR Policy, Code of Ethics and Business Conduct Guidelines and shared them with our employees. |
| 2007 | <ul style="list-style-type: none"> Lean Six Sigma implementations began. We added "Work-Life Evaluation and Improvement" surveys to our manufacturing sites outside of Turkey. |
| 2008 | <ul style="list-style-type: none"> We published our first Sustainability Report. Full Restriction of Hazardous Substances (RoHS) compliance in Turkey before regulations were officially instated. |
| 2009 | <ul style="list-style-type: none"> We published our "Arçelik Disclosure Policy." Our first corporate governance rating was 8.21 out of 10. We restructured our OHS organization. Our HR department was reorganized. |
| 2010 | <ul style="list-style-type: none"> We produced our 2008-2009 Arçelik Sustainability Report at GRI C level and according to GRI G3 Principles. Our corporate governance rating rose to 8.55 out of 10. We were ranked first in the "Management" category of the European Business Awards for the Environment in Turkey, and became one of the top three in Europe. An agreement was signed with UNDP, Turkish Ministry of Energy and Natural Resources, White Goods Manufacturers' Association for the Market Transformation of Energy Efficient Appliances in Turkey. We started calculating our greenhouse gas (GHG) emissions in accordance with the ISO 14064-1 standard, receiving a verification certificate from an independent internationally accredited organization. |
| 2011 | <ul style="list-style-type: none"> We published our 2010 Sustainability Report in line with GRI principles at the B+ level. Our corporate governance rating was raised to 8.59 out of 10. We celebrated our R&D Department's 20th year. Seven different and variously located R&D centers of Arçelik A.Ş. were granted R&D Center Certificates by the Turkish Ministry of Industry and Commerce. We were ranked 95th on the World Intellectual Property Organization (WIPO) list of the top 500 patent filing applicant companies. We joined the 2⁰C Challenge Communique as a member and term spokesperson for the Turkish Climate Platform of the Corporate Leaders Group. Arctic S.A. was granted the "Award for Excellence in Consistent TPM Commitment" by the Japanese Institute of Plant Management (JIPM), the first company in Romania to receive this award. We represented Turkey as the Turkish Climate Platform term spokesperson at the Durban Climate Conference. |
| 2012 | <ul style="list-style-type: none"> 4 independent members were elected to the Board of Directors consisting of 12 members. Our corporate governance rating rose to 9.11 out of 10. We attended the Doha Climate Conference, undertaking the role of Turkey's Climate Platform term spokesperson. We were named "Turkish Carbon Disclosure Leader" by the Carbon Disclosure Project (CDP) thanks to our strategies tackling climate change, management approach. We ranked among Best Country Practices and represented Turkey in Brazil at Rio+20 United Nations Sustainable Development Conference with our Cactus Dishwasher. We adapted our energy management process to the ISO 50001 standard and were certified by an international, independently accredited organization. We signed a seven year, Euro 100 million loan with the European Investment Bank (EIB) to finance research and development activities. |
| 2013 | <ul style="list-style-type: none"> Our corporate governance rating ascended further, to 9.28 out of 10. We were granted the "Innovation Leadership" award by the Turkish Exporters Assembly. The Carbon Disclosure Project awarded us with a "CDP Performance Leader" accolade. We prepared our 2012 Sustainability Report in compliance with GRI principles at B+ level. The highest "Energy Efficient Green Facilities" ranking, the platinum certificate, was allocated to our dishwasher, dryer, electric motor and Arctic cooler plants. We qualified for the "ISO 10002 Customer Satisfaction Management System Certificate." Our ElektraBregenz models received Austria's "Green Brands" award. We obtained ISO 27001 Information Security Management System Standard in our information technologies, supply chain, human resources and financial affairs processes. |
| 2014 | <ul style="list-style-type: none"> Our corporate governance rating became 9.41 out of 10. We were among the 15 companies that joined the Borsa Istanbul (BIST) Sustainability Index. We were the first Turkish company to be included on "The A List: CDP Climate Performance Leadership Index 2014." We collaborated with the United Nations Environment Program (UNEP) on the United for Efficiency (U4E) project. We were certified by the CIPS (Chartered Institute of Purchasing and Supply). We received "ISO 28000 Supply Chain Safety Management System Certificate". |

2015

Listed in **Borsa Istanbul Sustainability Index**
for the **2nd** consecutive year.



Listed in the Morgan Stanley Capital International (MSCI)
Global Sustainability Index Series with the highest grade **AAA**.

Corporate Governance Rating
9.48/10



10th R&D Center at Cambridge University Science Park

Initiated Supplier **Audits** on Business **Ethics** and **Environment**

Carbon Disclosure Leadership Award by CDP in Turkey.

Made a commitment to **Responsible Corporate Engagement** in Climate Policy initiated under the "Road to Paris Project" by CDP for UNFCCC COP21.

Represented Turkey at **COP21** - United Nations Climate Change Conference in Paris.

Attended the **Climate Action and Green Competitiveness** event hosted by the World Bank and International Finance Corporation (IFC) in Washington DC.

Supported Koç Holding's social responsibility program
For My Country: I Support Gender Equality.



2010 → 2015 GHG Emissions **↓ 51%**

Water Withdrawal **↓ 10%**



47,057,582 TL towards
Environmentally Friendly Product R&D

Waste Amount **↓ 18%**



Accident Frequency Rate **↓ 45%**

Accident Severity Rate **↓ 55%**



22.7 hours of
Training per Employee

About Arçelik A.Ş.

Arçelik A.Ş. was founded in 1955 as a subsidiary of Koç Holding. Today, Arçelik is a worldwide producer and marketer of consumer durables and consumer electronics with 27,000 employees and 15 manufacturing facilities in Turkey, Romania, Russia, China, South Africa and Thailand. Company operates in 130 countries, and manages 10 brands (Arçelik, Beko, Grundig, Defy, Arctic, Blomberg, Elektrabregenz, Leisure, Flavel and Altus), with sales and marketing offices located in 30 countries.

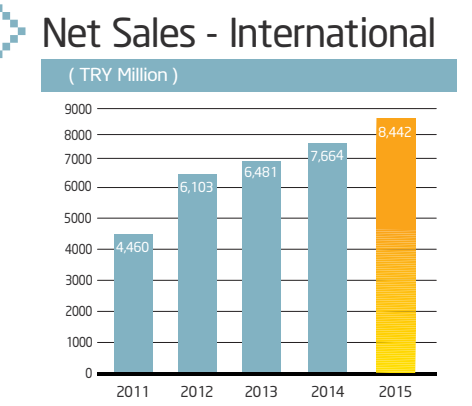
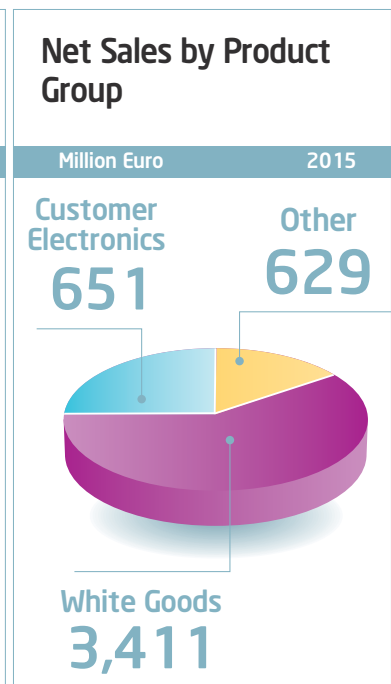
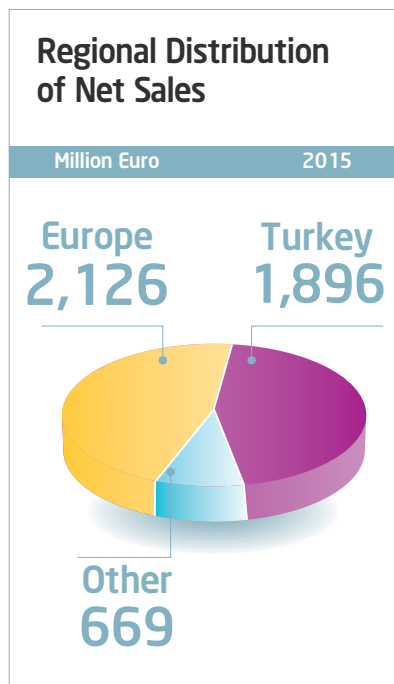
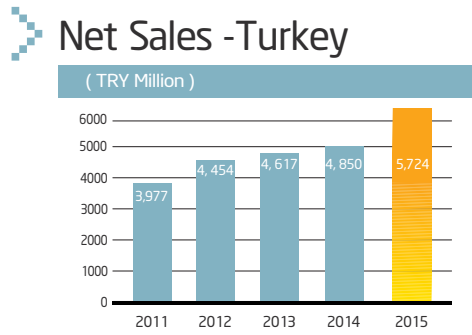
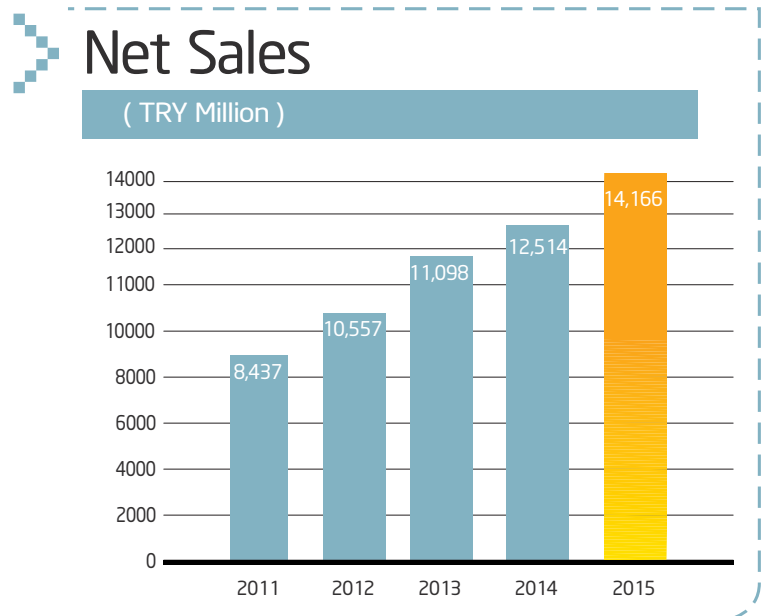
Arçelik is the third largest home appliances provider across Europe and boasts consistent global expansion. The company is the market leader in Romania with Arctic brand and in South Africa with Defy brand. Beko, the company's global brand, was the fastest grower in the European white goods market between 2008 and 2015.

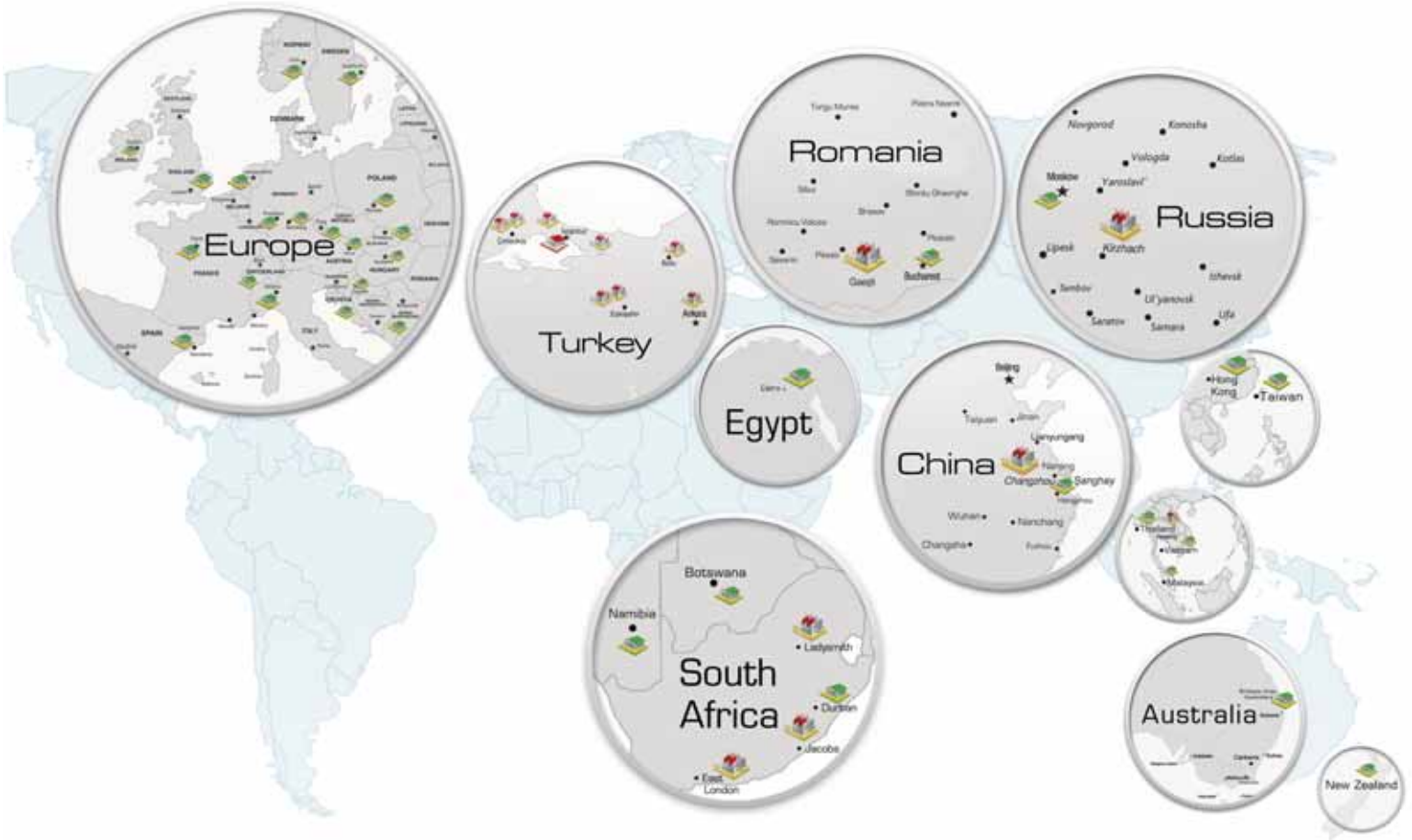
Operating Profit
1,157
TRY million

Net Profit
893
TRY million



Net Sales
2015
14,166
TRY Million





Headquarters
Turkey/Istanbul



Production Plants- R&D Centers

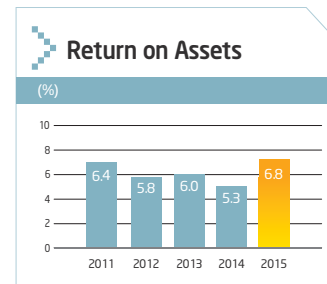
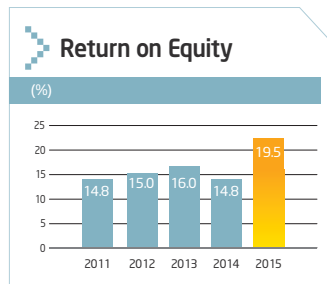
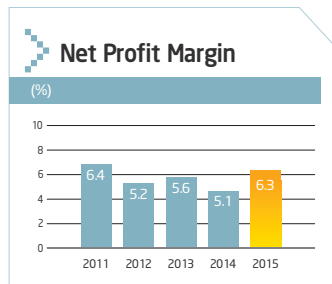
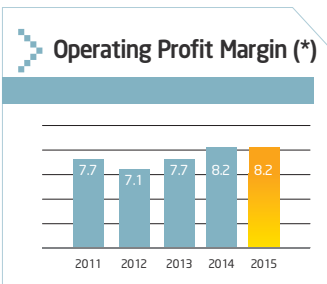
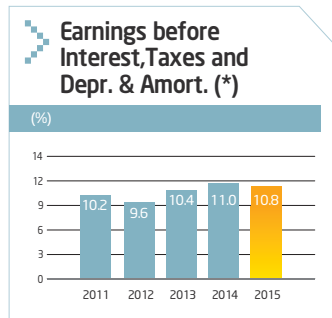
- Refrigerator Plant
- Washing Machine Plant
- Electronics Plant
- Cooking Appliances Plant
- Dishwasher Plant
- Electric Motors Plant
- Compressor Plant
- Tumble Dryer Plant
- Refrigerator Plant
- Refrigerator and Washing Machine Plant
- Washing Machine Plant
- Cooking Appliances and Tumble Dryer Plant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

- Eskişehir
- Istanbul, Tuzla
- Istanbul, Beylikdüzü
- Bolu
- Ankara
- Tekirdağ, Çerkezköy
- Eskişehir
- Tekirdağ, Çerkezköy
- România, Gaești
- Russia, Kirzhach
- China, Changzhou
- South Africa, Jacobs
- South Africa, East London
- Thailand, Rayong (*)



International Sales and Marketing – R&D Offices

- Beko LLC.
- Beko Plc.
- Beko Slovakia S.R.O.
- Beko S.A.
- Beko Shanghai Trading Company Ltd.
- Beko Ukraine LLC.
- Changzhou Beko Electrical Appliances Co. Ltd.
- Defy Appliances Ltd.
- Defy (Botswana)(Proprietary)Ltd.
- Defy (Namibia)(Proprietary) Ltd.
- Elektra Bregenz AG
- Grundig Multimedia A.G.
- Grundig Intermedia GmbH
- Grundig Nordic No AS
- Grundig Nordic AB.
- SC Arctic SA
- Beko Hong Kong Ltd.
- Beko Balkans,
- Beko Thai Co., Ltd.
- Beko Malaysia Appliances
- Vietbeko Co., Ltd.
- Beko R&D Office
- Beko Plc. R&D Center
- METU Technopolis R&D Center
- Ardutch B.V. Taiwan
- Beko A and NZ Pty Ltd.
- Beko Deutschland GmbH
- Beko Egypt Trading LLC
- Beko Electronics España S.L.
- Beko France S.A.S.
- Beko Italy SRL
- Russia
- UK, Republic of Ireland
- Slovakia
- Poland, Czech Republic
- China
- Ukraine
- China
- Republic of South Africa
- Botswana
- Namibia
- Austria
- Switzerland
- Germany, Croatia
- Norway
- Sweden
- Romania
- Hong Kong, China
- Serbia
- Thailand
- Malaysia
- Vietnam
- Taiwan
- UK
- Ankara, Turkey
- Taiwan
- Australia, New Zealand
- Germany
- Egypt
- Spain
- France
- Italy



(*) Beko Thai Co. Test productions were realized at the end of year 2015 and production activities were started in January 2016.

(*) Operating profit margin and EBITDA margin were calculated by deducting the impact of foreign exchange rate gains and losses from trade receivables and payables, credit finance income and charges, and cash discount expense, and adding incomes and expenses from fixed asset sales in order to maintain consistency with the presentation of previous term.

Management Approach



The principal instrument in Arçelik A.Ş.'s sustainability strategy is its effective governance structure. Arçelik A.Ş. builds effective communication mechanisms that facilitate the participation of internal and external stakeholders in corporate activities and decision-making processes, helping to determine its management approach. Arçelik A.Ş. supports managerial practices that are allied with its commitment to corporate governance principles with modern systems and standards. It looks for ways to transform operational, financial and environmental risks facing the company and its value chain into opportunities through effective risk management practices. The company integrates its business and sustainability strategies into a global framework and regards as its primary mission to create positive social, environmental and economic spheres of influence across its vast operational geography.

- √ We increased our corporate governance rating to 9.48 out of 10.
- √ We became one of the only 29 companies listed on the BIST Sustainability Index in 2015.

Corporate Governance

Arçelik A.Ş. supports its corporate governance structure, developed in light of its 60-year business and sector experience, with top-end systems and standards, constantly carrying its performance in this area a step further. The company conducts operations centered on active stakeholder participation, efficient audit mechanisms and transparent reporting practices, in line with its corporate governance understanding shaped around the principles of accountability, responsibility, openness and transparency, fair treatment. This corporate governance structure and vision, disseminated from the highest to all other levels of the company and the value chain, forms the foundation for the positive influence of Arçelik A.Ş. in financial, social and environmental areas.

Arçelik A.Ş. regularly measures its corporate governance rating through independent evaluations conducted under four main headings weighted on the basis of Capital Markets Board Corporate Governance Principles and consistently improves its performance in this area. In consequence of evaluations conducted under the headings of "Shareholders," "Public Disclosure and Transparency," "Stakeholders," and "Board of Directors". The corporate governance rating of Arçelik A.Ş. was first established at 85.53 percent in 2010, increased to 85.91 percent in 2011, climbed to 91.07 percent in 2012, then to 92.80 percent in 2013, 94.11 percent in 2014 and to 94.80 percent in the last reporting period.

The consistent development exhibited by Arçelik A.Ş. in the area of corporate governance forms the basis of the trust it inspires among its stakeholders, primarily shareholders, and of the stability it promises. The company is aware that achieving its profit objectives depends on its corporate reputation as much as it does on its business results and strong capital structure, considers the reputation it has built through the years as an important value and manages this value in line with conformity to corporate governance principles. The corporate values and culture, ethics understanding, governance philosophy and business ethics principles of the company constitute the basis for the lasting relationships it builds with its stakeholders, besides being a guide for employees to fulfill their responsibilities.

The management structure of Arçelik A.Ş. consists of a single stage system with a Board of Directors elected by the General Assembly. The Board of Directors is composed of 12 members, 4 of whom are independent members, and all members have nonexecutive status. All members of the Board of Directors are responsible for the economic performance of Arçelik A.Ş., while the General Manager assumes executive responsibility for performances related to the social and environmental performance of the company. The office of the General Manager, who is at the top of the executive body, and that of the Chairman of the Board are held by separate individuals.

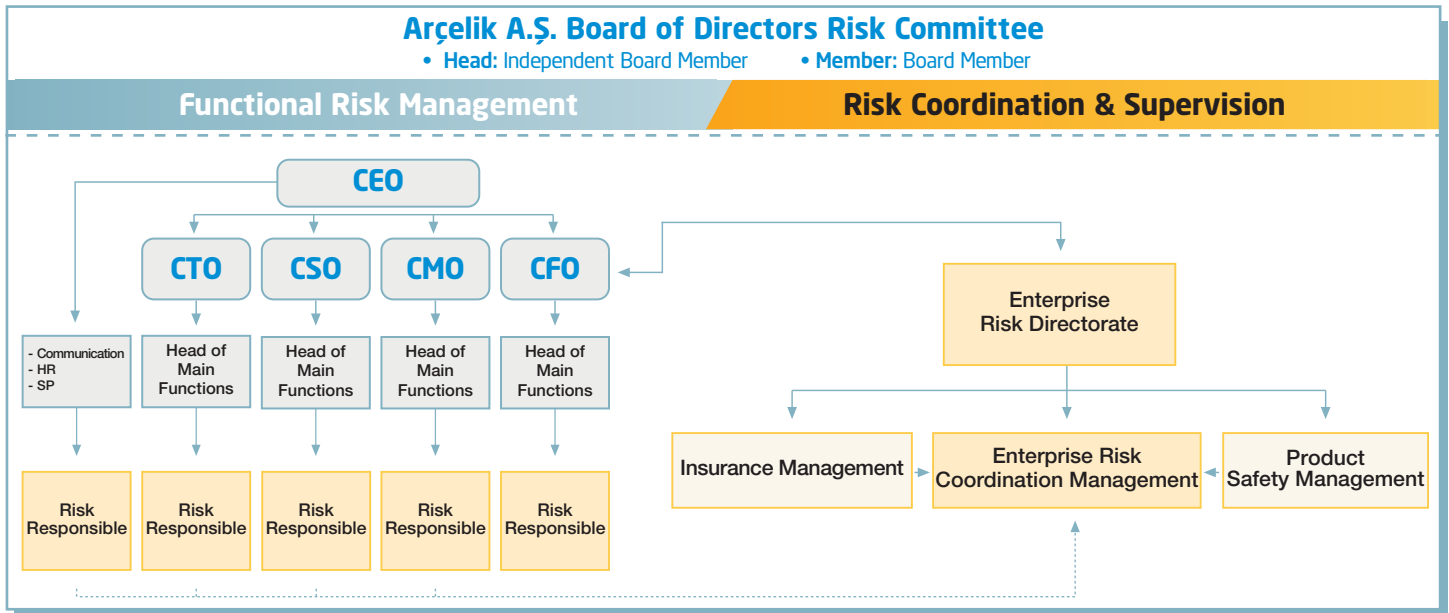
Arçelik A.Ş. Board of Directors utilizes various corporate governance tools and an effective organizational network when fulfilling its duties and responsibilities. It is supported by committees and specialty councils in fields that include risk management, auditing, and corporate governance, execution and sustainability. The Risk Management Committee determines and manages all risks to the company, considering operational, strategic and financial prospects. The Audit Committee helps the Board of Directors conduct its activities in compliance with Capital Markets Legislation and Capital Markets Board (CMB) Corporate Governance Principles. The Corporate Governance Committee presents suggestions to the Board of Directors regarding compliance and improvements, in addition to executing the duties of Nomination and Compensation Committees. The Executive Committee ensures productive coordination among the Board of Directors and administrative bodies. The Sustainability Committee was formed in 2014 and optimizes the social, environmental, economic and ethical achievements of Arçelik A.Ş.

You can find detailed information regarding Arçelik A.Ş.'s corporate governance structure, members of the Board of Directors and senior management under the tabs "About Arçelik A.Ş." and "Investor Relations" at www.arcelikas.com.

Risk Management

Arçelik A.Ş. endeavors for the early detection of risks that might endanger the existence, development or permanence of the company and effectively implement necessary precautions. This occurs through risk management practices realized with a holistic perspective on every organizational level starting with the Board of Directors. It is aimed to maintain business continuity and create a global competitive advantage through corporate risk management practices carried out in harmony with processes, human resource, knowledge accumulation and technology. These practices, which were formed to create new value for stakeholders while preserving the existing values of the company and to manage opportunities, have also been developed so as to ensure communication among processes.

At Arçelik A.Ş., the risk management organization has a multilayered structure that encompasses all operations, central units and foreign affiliates of the company and allows risk management practices to be managed in integration with business processes. The Risk Management Committee, supports the Board of Directors in its management of operational, strategic, financial and other risks for Arçelik A.Ş., is at the head of the risk management organization. The committee provides advice and suggestions to the Board in relation to early determination of risks, their evaluation, measurement of their probable effects, reporting, taking necessary precautions, considering in decision mechanisms and development of effective internal control systems regarding risks.



The 'Risk Coordination and Monitoring' and 'Functional Risk Management' processes are carried out through the division of labor under the Committee. In line with Functional Risk Management, directors in the senior management of Arçelik A.Ş. and country managers of group companies are responsible for the management of risks belonging to their own organization, as well as tasks assigned to their organization for reducing risks belonging to other organizations. Directors and national managers assign risk responsibilities to enable communication about risks between the relevant agents, processes and Enterprise Risk Directorate.

Functional Risk Management processes that allow corporate risk management practices to be implemented at every level of the organization are carried out in accordance with Risk Coordination and Monitoring processes led by Enterprise Risk Directorate.

This body was instated under the Assistant General Manager of Finance and Accounting and conducts these processes through its risk management system tools, reporting to the Risk Management Committee.

Audits and controls are the principal risk management tools at Arçelik A.Ş. and are conducted through multi-stakeholder actions in which independent audit institutions, Koç Holding and internal audit units participate. Internal audits regularly convey results and analyses of significant issues to the Audit Committee. This body monitors the efficiency of systems and relates problems and suggestions about risk management and internal control mechanisms to the Board of Directors.

Sustainability Management

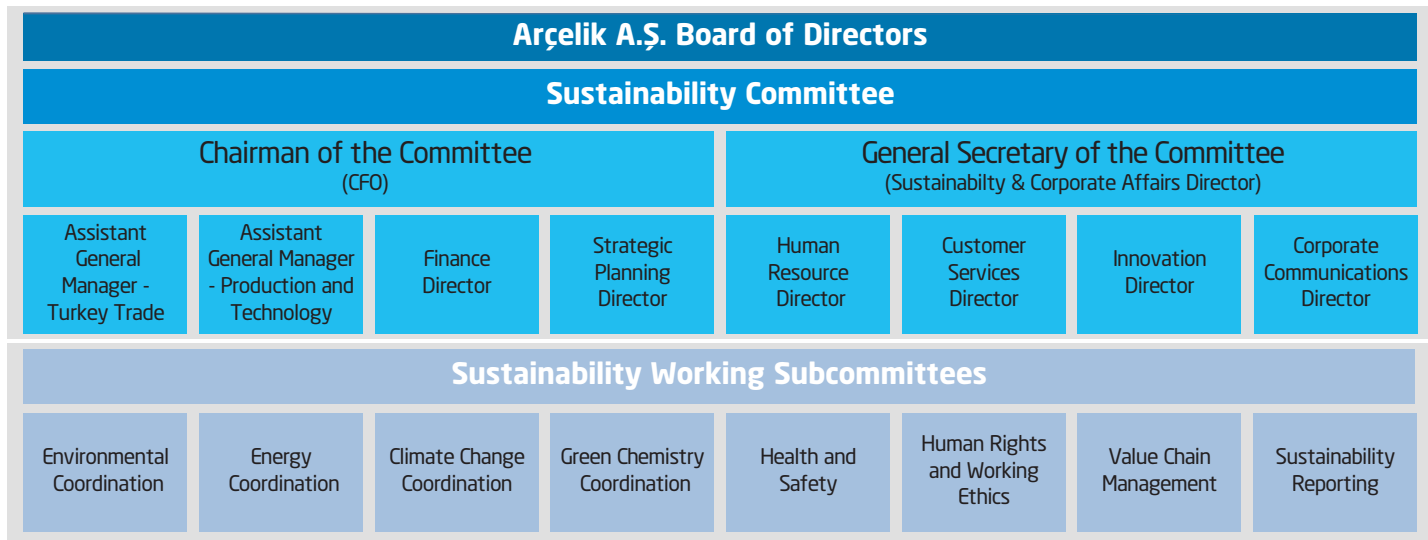
Arçelik A.Ş. generates large social, environmental and economic spheres of influence in its global operational geography and aims for its influence to have a positive characteristic through responsible and efficient sustainability management practices. The company makes respect for both society and nature the cornerstone of its sustainability outlook, and considers stakeholder expectations in social, economic, ethical and environmental areas its primary guide, looking for methods to transform the risks in these areas into opportunities. The dissemination of sustainability policies throughout the organization and value chain, from the administrative level to the lowermost levels, is ensured through efficient sustainability structuring. Sustainability performance is not limited to the organization and the performance of the components of the value chain is considered binding.

Arçelik A.Ş. believes that its financial successes can only become permanent through a sustainable business model, and therefore forges its corporate policies and strategies in accordance with its sustainability vision, managing its business and sustainability objectives together. The company aligns its sustainability priorities with stakeholder expectations and aims to create maximum value-added for them, offering its performance results to its stakeholders in accordance with the principles of transparency and accountability. It considers stakeholder feedback to be the most important input in areas of sustainability, and ensures the materialization of efficacious development plans through audit procedures.

√ Sustainability Structuring

The Sustainability Committee, established to determine corporate sustainability and climate change policies and strategies, ensure their integration with corporate business processes and track sustainability performance, is the highest-level authority in sustainability management at Arçelik A.Ş. Members of the committee, formed with the participation of Arçelik A.Ş. Senior Management, control and coordinate sustainability activities in their areas of responsibility and they chair Sustainability Working Subcommittees.

The subcommittees, formed on the basis of specialization and responsibility, ensure the implementation and dissemination of the decisions taken by the Sustainability Committee. Subcommittees, formed by executives and/or experts responsible for sustainability issues, report performance results and developments in their areas to the Sustainability Committee. The Sustainability Committee convenes twice a year, evaluates performance results for yearend and determines the objectives for the forthcoming year with Arçelik A.Ş. Sustainability Activities Yearend Report.



Arçelik A.Ş. supports its effective sustainability structuring with corporate policies that bring together its corporate values with the company’s sustainability strategy. Working principles and procedures are determined through Ethical Values, Environmental and Energy Policy, Quality Policy, Occupational Health and Safety Policy, Human Resources Policy, Supplier Working Conditions and Public Disclosure Policy; the total harmony of practices implemented in these fields with corporate policies is ensured.

Arçelik A.Ş. corporate policy documents can be accessed under the Investor Relations, Sustainability, Human Resources and Purchasing tabs of the corporate website at www.arcelikas.com.



√ Identification of Material Aspects

Arçelik A.Ş. determined the material aspects that have an impact on the sustainability performance of the company through the study for the Identification of Material Aspects conducted during the reporting period. The study was conducted in accordance with the principles of stakeholder inclusiveness, sustainability context, materiality and completeness as outlined by GRI G4 Sustainability Reporting Guidelines. The study entailed a prioritization process consisting of three main stages.

In the first stage of the study, a material aspect universe, consisting of potential material aspects befitting the industry-specific, operational and geographical characteristics of the company, was identified with the participation of Arçelik A.Ş. senior management and Arçelik A.Ş. Sustainability Reporting Working Subcommittee, where the organizational structure of Arçelik A.Ş. is represented in all its dimensions. In the second stage, the material aspect universe was offered to the views of internal stakeholders through a survey practice. Through the survey participated by employees at the mid and senior administrative levels of the company, first prioritization results were obtained by assessing the potential impacts of relevant subjects on business value, their position in the value chain and stakeholder expectation levels.

In both stages of the study, information collected for the “industry-specific sustainability priorities survey” conducted by Koç Holding were drawn upon. In the last stage, survey answers were provided for expert evaluation to representatives participating in the Sustainability Reporting Working Subcommittee, and the materiality process was finalized in result of the study where stakeholder feedbacks were also taken into consideration.

The material aspects determined in consequence of the study for the Identification of Material Aspects constitute the content of the Sustainability Report. The material aspects included in this table are of equal importance and the management approach, policies, performance results and targets regarding each of these issues are shared in detail with stakeholders in the report.

| MATERIAL ASPECTS | Supply Processes | Production Processes | Distribution Processes | Marketing & Sales Processes | After Sales Processes |
|--|------------------|----------------------|------------------------|-----------------------------|-----------------------|
| Customer Satisfaction | | | | √ | √ |
| Product and Service Quality | | √ | | √ | √ |
| Product Strategy in Emerging Markets | | √ | | √ | √ |
| Innovation Management and Collaborations | | √ | | √ | |
| Brand Reliability | | | | √ | √ |
| Eco Innovative Products with Added Value | | √ | | √ | |
| Supplier/Dealer Success | √ | | | √ | |
| Consumer Rights | | | | √ | √ |
| Product Durability | | √ | | √ | |
| Purchasable/Available Products | | | | √ | |
| Talent Management and Development | | √ | | √ | √ |
| Human Rights | √ | √ | √ | √ | √ |
| Employee Rights | √ | √ | √ | √ | √ |
| Sustainability and Risk Management | √ | √ | √ | √ | √ |
| Environment Friendly Products/Products | | | | | |
| Compatible with Alternative Energy Resources | | | √ | √ | |
| Water Issues | | √ | | √ | √ |
| Climate Change Issues | √ | √ | √ | √ | √ |
| Environmental Impacts of Production | √ | √ | | | |
| Occupational Health and Safety | √ | √ | √ | | |
| Responsible Supply Chain Management | √ | √ | √ | | |

√ Participation in Sustainability Initiatives

Arçelik A.Ş. fully complies with the legal regulations of the countries it operates within and abides by several voluntary codes, initiatives and regulations across social, ethical, economic and environmental arenas. These were developed within industry, national and regional plans, and serve to determine company working principles and product quality.

Arçelik A.Ş. conforms to the United Nations Global Compact which was signed by Koç Group in 2006. The company supports the human rights, working standards and environmental and anti-corruption principles specified in the compact in its own operations and during its supplier assessment processes. The company also ensures the auditing of its production facilities in Turkey and abroad by an independent company and according to criteria set by the Business Social Compliance Initiative (BSCI) and Suppliers Ethical Data Exchange (Sedex), both social responsibility organizations widely recognized in the European Union.

Arçelik A.Ş. was among the first companies to sign the Code of Conduct, a corporate ethics agreement created by the European Committee of Domestic Equipment Manufacturers (CECED), and fully conforms to the industry-specific regulations and directives of the European Union. Through CECED activities, the company has been contributing to preparatory studies on European Union Energy Labelling Framework Regulation likely to be published in 2017. Arçelik A.Ş. also participates in legislative processes devoted to the application of EU regulations to Turkey. All company products comply with all applicable EU directives and regulations and adhere to EU standards.

For detailed information regarding the EU regulations Arçelik A.Ş. complies with, you can visit the Sustainability tab on the corporate website www.arcelikas.com.

During the reporting period, Arçelik A.Ş. was rated “AAA,” the highest possible level, by one of the world’s most esteemed rating systems, the Morgan Stanley Capital International (MSCI) Global Sustainability Index. In the same period, the company succeeded for the second time in being listed in the Borsa Istanbul (BIST) Sustainability Index, which was started to be calculated by Borsa Istanbul (BIST) in November 2014, and includes companies traded at Borsa Istanbul (BIST), with the highest corporate sustainability performance.

Arçelik A.Ş. supports global initiatives reducing the impacts of climate change and reports its environmental effects in line with the guidelines of the prestigious international environmental initiative, the Carbon Disclosure Project (CDP). Obtaining a score at the highest A level of the CDP Ranking in 2014 qualified Arçelik A.Ş. to enter the global “A List: CDP Climate Performance Leadership Index 2014.” The company attained success in this domain in 2015 and was one of the CDP Turkey 2015 Carbon Disclosure Leaders. The company also committed to “Responsible Corporate Engagement in Climate Policy” within the “Road to Paris 2015 Project,” a global initiative to combat climate change by the CDP.

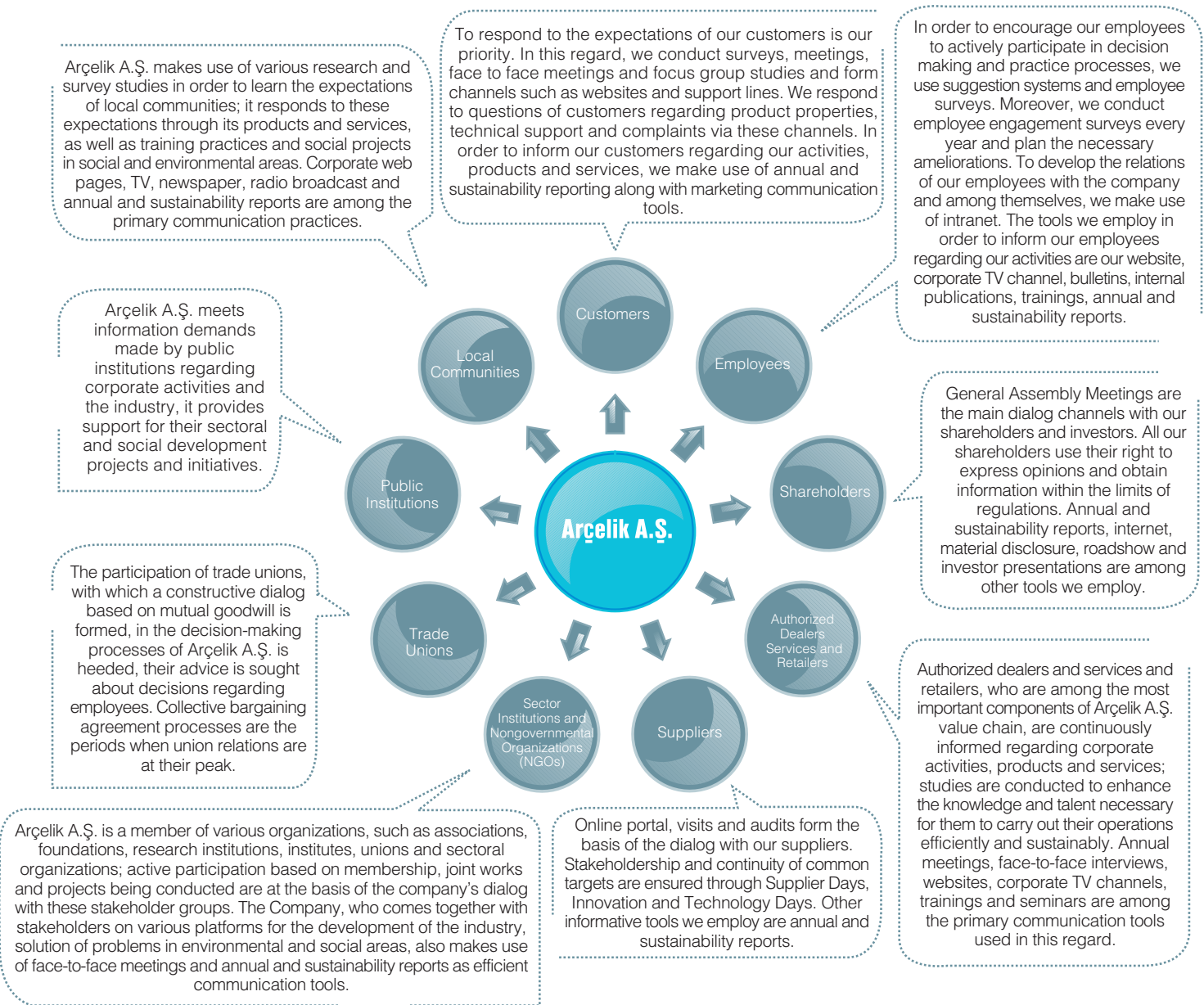
Arçelik A.Ş., which contributes to works conducted within the context of the combat against climate change, is a member of Turkey Climate Platform. The company became a signatory of the “2°C Communiqué,” a program that aims to draw attention to climate change, and also engages with other organizations concerned with the climate change policies of businesses and other global actors, actively taking charge in working groups. At the Paris World Climate Change Conference in 2015, Arçelik A.Ş. represented Turkey in two different panels in “Energy Day Activities” on December 7, following attendance at climate change conferences in Durban, Doha and Warsaw in previous years. International Sales Assistant General Manager Ragıp Balcioğlu gave a talk at a panel that addressed “Energy Efficiency and Electrical Household Appliances” and was organized by Sustainable Energy for All (SE4All), a joint enterprise of the United Nations and the World Bank. Furthermore, Sustainability and Corporate Affairs Director Fatih Özkadı gave a talk at the “Energy Efficiency: Game Changer” panel organized for the United for Efficiency (U4E) Project, an initiative of United Nations Environment Program (UNEP) and Global Environment Fund (GEF).

Arçelik A.Ş. CEO Hakan Bulgurlu, who attended the “Climate Action and Green Competitiveness” event organized by the World Bank in Washington, DC in 2015, emphasized the significance of global solidarity, continuous investment and innovation in the combat against climate change. The company not only participated in this UNEP and GEF-led project, but also provided technical support to assist a global market shift towards energy efficient household products in developing countries, with a particular focus on refrigerators in South Africa and Thailand.

Dialog With Stakeholders

Arçelik A.Ş. places the participation of its stakeholders in decision making processes and operations at the basis of its sustainability understanding; it forms open and effective communication channels for its stakeholders in accordance with its transparent, accountable and participatory management understanding. All individuals and institutions that are influenced by or have an influence on corporate operations are defined as stakeholders of Arçelik A.Ş. In the identification of stakeholder groups to establish dialog with, the company prioritizes stakeholders, who can undertake productive studies towards a common goal, who adopt common ethical values and with whom it can create permanent values; it strives to constantly improve the participation mechanisms developed for these stakeholders.

Stakeholder groups are communicated with at varying frequencies through stakeholder-specific communication channels formed by taking into consideration the characteristics of each stakeholder group and their position in Arçelik A.Ş. operations. The practices, which are part of a system or process such as survey, research and application, are realized at least annually; public disclosures are made quarterly or annually. Other participatory practices are instantly realized as required, instant communication tools are used in special occasions.



| PARTICIPATION IN NONGOVERNMENTAL ORGANIZATIONS | LEVEL OF PARTICIPATION |
|---|---|
| The European Committee of Domestic Equipment Manufacturers (CECED) | Membership to Steering Committee and other working group memberships |
| White Goods Suppliers Association | High Level Representation |
| Foreign Economic Relations Board (DEİK) | Business Council Representations in various Business Councils : Membership to Executive Boards and Founding Presidency (Chairmanship) |
| Electronic Equipment Manufacturers' Association (ECİD) | Vice Presidency and Office of the Secretary General |
| Electrical Electronics Services Exporters' Association (Turkish Electro Technology - TET) | Chairman of the Board |
| Ethics and Reputation Society (TEİD) | High Level Representation |
| Heating and Cooling Air Conditioner Research and Training Foundation (ISKAV) | Membership to Board of Trustees |
| Air Conditioning & Refrigeration Manufacturers' Association (ISKİD) | Membership to Board of Directors and other memberships |
| Istanbul Foundation for Culture and Arts (İKSV) | Membership to Board of Trustees and Audit |
| Small Household Appliances Manufacturers' and Exporters' Association (KESİD) | Membership to Board of Directors |
| Turkish Electronic Industrialists Association (TESİD) | Membership to Board of Directors and High Level Representation |
| Turkish Industry & Business Association (TÜSİAD) | High Level Representation and Memberships to several Working Groups and Commissions |
| White Goods Manufacturers' Association of Turkey (TÜRKBEŞD) | Vice Presidency, Membership to Board of Directors and other Technical Committees |
| Turkish Informatics Foundation (TBV) | High Level Representation |
| Foreign Trade Association of Turkey (TURKTRADE) | Chairman of the Board, Memberships to Working Groups |
| Turkish Exporters Assembly (TİM) | Associate Membership to Electrical Electronics and Service Sector Council |
| The Union of Chambers and Commodity Exchanges of Turkey (TOBB) | Chairman of the Board of Consumer Durables Sector Council, Patent and Brand Management Sector Council Membership |
| Turkish Investor Relations Society (TÜYİD) | High Level Representation |
| People Management Association of Turkey (PERYÖN) | Membership to Board of Directors and High Level Representation |
| Corporate Governance Association of Turkey (TKYD) | High Level Representation |
| International Association for the Protection of Intellectual Property (AIPPI) | Membership to Board of Directors, Membership to Board of Supervisors and Other Working Group Memberships |

Respect For Human and Employee Rights



Being an employer that respects human and employee rights is among the primary sustainability priorities of Arçelik A.Ş. The company continuously develops its human resources practices that it designs and implements along this understanding, furthering its exemplary performance in this area. Arçelik A.Ş., which defines its human and employee rights policies in accordance with the requirements of international initiatives in which it participates voluntarily, transparently reports its performance in compliance with the requirements set forth by the same initiatives.

Offering a fair, participatory, healthy and safe working environment supportive of development is among the business priorities of Arçelik A.Ş. In accordance, the company acts along human resources policies based on human and employee rights; the principle of opposing discrimination is observed in all processes starting with recruitment. Communication mechanisms encouraging the participation of all internal stakeholders in decision-making processes are offered, career planning practices are used in supporting the personal and professional development of employees at every level. Pioneering occupational health and safety practices are actualized, the continuous enhancement of performance in this area is ensured.

- √ We increased our number of employees by creating new employment opportunities.
- √ We provided our employees with an average of 22.7 hours of training per person.
- √ We provided our employees with 21,497 man*hour of environmental training.
- √ We implemented 1,263 of the 1,808 suggestions offered by our employees.
- √ We reduced our accident frequency rate by 45% and our accident severity rate by 55%, through effective occupational health and safety practices.



Arçelik A.Ş. conforms to the directives of international initiatives, of which it is a voluntary participant, under the headings of human and employee rights and ensures that its approach and practices are audited by independent audit institutions. The company complies with the human rights and working standards principles identified by the United Nations Global Compact, of which Koç Group, with which it is affiliated, is a signatory; it offers its performance in this area to the views of its stakeholders through sustainability reports.

At the root of the human resources policies of Arçelik A.Ş., a fair and anti-discriminatory approach is taken as basis. Equal opportunities are provided to all candidates who have the required training, knowledge, skill, competency and experience in recruitment processes; practices based on merit are conducted regarding remuneration, fringe benefits and promotion. All employees are considered equals without discriminating based on ethnic origin, race, language, religion, age, gender, nationality, disability or cultural difference. Based on this approach, all human resources processes are carried out according to the principles of right person for the right job, equal pay for equal work, success based merit and equal opportunities for all. The freedom of association and collective bargaining rights of employees are observed within the framework of the relevant legal regulations in all operational geographies of Arçelik A.Ş., the requirements of the principle of opposing "Child Labor" and "Forced or Involuntary Labor" are fulfilled both by Arçelik A.Ş. and by our suppliers.

There were no incidents of discrimination within Arçelik A.Ş. operations during the reporting period.

Arçelik A.Ş., one of the first signatories of the Code of Conduct on Corporate Social Responsibility prepared by CECED (European Committee of Domestic Equipment Manufacturers), is also a member of Business Social Compliance Initiative (BSCI). In accordance with the commitments set forth by the initiative, all Arçelik A.Ş. production facilities are audited regarding practices related to compliance with legal regulations, freedom of unionization and collective bargaining rights, prevention of discrimination, fair remuneration, working hours, occupational health and safety, prevention of child labor, management systems and other relevant social responsibility principles.

The "Ethical Rules of Conduct and Implementation Principles", which were formed in order to ensure the dissemination of the ethical values of Arçelik A.Ş. among employees and their transfer to future generations, aim for the observance of human and employee rights and the prevention of probable violations in this field. All recently recruited employees receive the Ethical Rules of Conduct and Implementation Principles booklet by hand and they are informed as part of their recruitment processes. Besides, all recently recruited white collar employees receive electronic training regarding ethical rules of conduct within the context of the orientation program. The training is sent to employees when they first start work through the electronic training system (Koç Academy) used at Arçelik A.Ş. The Ethical Conduct Board, which was established to ensure the effective implementation of these rules, has received 2 complaints during the reporting period. Both cases were included in the investigation process by the Ethical Board, decided on and the decisions were implemented. Arçelik A.Ş. is a member of the Turkish Ethics and Reputation Society, where it is represented at the corporate level.



Arçelik A.Ş. Ethical Rules of Conduct and Implementation Principles came into effect in Turkey in 2010, and it was extended to other countries of operation, namely Germany, Czech Republic, China, South Africa, United Kingdom, Spain, Italy, Egypt, Poland, Russia and Ukraine, by preparing the document in the relevant language. You can access the versions of Ethical Rules of Conduct and Implementation Principles prepared in 11 different languages at the Human Resources / Ethical Rules of Conduct section on our corporate website (<http://www.arcelikas.com/page/1052/globalethical>). It is projected to form a Global Code of Conduct in 2016, in order to ensure the dissemination of the Ethical Rules of Conduct and Implementation Principles in all the countries where Arçelik A.Ş. operates.

The functioning and proper implementation of ethical rules are ensured by Ethics Committee, formed within the body of Arçelik A.Ş. Ethics Committee is comprised of CEO, relevant Vice General Manager, Human Resources Director and Legal Counsel. Human Resources Director is responsible for regulating and implementing human rights principles.

Arçelik A.Ş. remuneration system, implemented in accordance with the principle of equal pay for equal work, aims for fair remuneration practices where employees are compensated for their performances. Wage increases for employees who are not union members are determined in accordance with individual performance results, wage researches, market conditions, economic indicators, the company's ability to pay and balance within the company. In the countries where Arçelik A.Ş. operated, the remunerations and fringe benefits for employees who are union members are determined within the framework of the collective labor agreements signed with the authorized employee union at our workplaces. The wages of employees excluded from the scope of the collective labor agreement are evaluated once a year and the wage and fringe benefit strategy for the new period is reviewed. There is absolutely

no discrimination based on gender within the context of the remuneration policy of Arçelik A.Ş.

Flextra Flexible Fringe Benefit Program is a fringe benefit model that was started in Turkey for the first time in the reporting period and aims to meet the changing needs of employees through flexible fringe benefit solutions. In our day, needs shaped by different living conditions and expectations require offering individual solutions and choices for employees. Flextra offers 29 different product choices in 7 main product groups for employees of Arçelik A.Ş., who are not union members. The Flextra participation rate of our employees who were included within the scope of Flextra during the reporting period was realized as 70%. Projections are made to both increase the current rate of participation and extend the program to other countries where Arçelik A.Ş. operates, in subsequent years.

Through the practice actualized in the reporting period, women employees who have an infant of 0 to 66 months old and men employees responsible for the care of a child of this age alone were started to be provided daycare support. In 2015, the rate of returning work after birth was realized as 90% in Turkey operations, while this rate was realized as 94.44% in the Romania operation and as 11% in the United Kingdom operation.*

Talent Acquisition

Arçelik A.Ş. incorporates highly qualified and successful youth as well as expert and experienced professionals in all the countries where it operates. While incorporating talents, Arçelik A.Ş. implements a multiphase recruitment process also involving assessment center applications. The competency evaluation of talents during the recruitment process are conducted in accordance with the competency model called Arçelik Leadership Profile.

*Since the maternity leave comprises a period of 52 weeks as required by the governing laws in United Kingdom, the rate of returning to work in the next year is lower in comparison to other countries of operation.



Arçelik Leadership Profile



Arçelik Leadership Profile, which is the set of competencies defining the behaviors expected from Arçelik A.Ş. employees, forms the basis for the competency development of Arçelik A.Ş. employees. The behaviors expected from employees of every level in relation to all the competencies included under the sets "Grow, Respect, Lead" in the Leadership Profile were each defined separately.

Arçelik A.Ş. cares that all the talents it is to incorporate possess Arçelik Leadership Profile competencies. In this regard, a common talent evaluation process was defined at Arçelik A.Ş. This process is implemented with an objective approach by using digital tools and assessment center applications for all candidates.



The experiences of candidates during their evaluation processes is rather critical for Arçelik A.Ş. For this reason, as of the year 2015, Arçelik A.Ş. interview experiences of candidates whose processes proceeded positively or negatively are being assessed. In the reporting period, candidates have evaluated their interview experience satisfaction as 3.1 on a scale of 4. While our candidate satisfaction result is at the expected level on the general average, improvements are constantly implemented in processes in the direction of open ended feedbacks of candidates. As part of the improvements implemented, projects devoted to transferring the whole recruitment process to an online platform are conducted for the purpose of increasing the pace and efficiency of the process.



Organizational Development and Talent Management

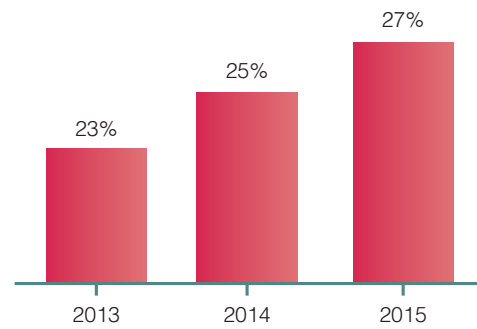
Arçelik A.Ş. acts with the principle of “enhancing global organization and capabilities thereby managing diversity” that support the corporate vision and it conducts works devoted to organizational development and human resource management every year as part of its strategic plans.

Talent management policies supporting its global organization are designed and implemented in a manner exceeding employee expectations and defining the future. Fair and objective performance and career management practices, training and development activities, recruitment, rewarding and remuneration systems are formed in order to attract talented employees, develop and retain them; the outcomes of these processes are used for the benefit of all employees. The Company, which ensures that its employees are involved in their own career and development planning processes, puts technological infrastructures into use.

Arçelik A.Ş., who defines all its employees as talents, focuses on identifying the various talents of its employees and supporting them to develop these talents. Through the Internal Job Posting System offered to the service of white and blue collar Arçelik A.Ş. employees, Arçelik A.Ş. ensures that open positions in its global organization are announced within the company and encourages its employees to take initiative for their career planning. The company enables employees to specify their preferences such as mobility, career objective and preferred function through the global and integrated systems. The Human Resources Planning process, whereby the career development of all employees is reviewed every year, is conducted so as to encompass the whole organization. As part of this process, potential employees that will help the global organization achieve its strategic targets are identified, the development plans of these employees are formed and they are prepared for the roles they will play in the future. While development plans are made, employees who show potential are included in assessment center applications in accordance with the competencies that the organization expects from its leaders.

The results of these practices are used to constitute long termed development plans. Every year, approximately 100-120 employees are subjected to the assessment center applications.

Potential Employee Rate *



*The ratio of employees identified as potential to the total employee number.

The organizational structure of Arçelik is constantly reviewed in order to constitute the global organization that will support its sustainable growth strategy. New structuring requirements and change needs in line with the company’s growth plans and the needs of functions are collected at Human Resources Planning process organized annually. These requirements are evaluated in light of current conditions and global benchmarking. The organizational changes are announced with the whole company through email and the intranet system.

Short and long termed succession plans are prepared for all managerial positions for the purpose of matching the organizational structure with the leaders that will carry us into the future and keeping the line of leadership alive. In these plans, potential employees are matched with appropriate managerial positions and the succession fulfillment rates are monitored. Succession plans are actively used in all organizational changes.



During the reporting period, 12% of employees working at Turkey operations went through rotation, promotion and reassignment processes. This rate is twice the rate realized in 2014.

Arçelik A.Ş. also offers various career alternatives to its blue collar employees with the roles of Shift Officer and Master Operator positions at plants, warehouses and R&D organizations. Candidates who are subjected to pre-assessment criteria such as seniority, education level and performance are observed through personality inventory, numerical and verbal tests and Assessment Center applications including simulations from business life and assignment plans are implemented accordingly.

Employee Development

Arçelik A.Ş. believes that individual successes underlie organizational success and offers training and development solutions supporting the careers of its employees in every aspect and allowing them to achieve their individual and career targets.

Through the performance management system and "Development Center" applications within the context of the "Training and Development" process, employees receive regular feedback regarding both their leadership competencies and functional competencies, they are supported with the convenient development solutions. Solutions regarding employee development are offered under 3 categories in harmony with Arçelik Leadership Profile through various functional, leadership and competency development programs.

Talent in You

Training and development programs helping Arçelik A.Ş. employees consolidate their competencies and technical skills in their current roles and all new hires adopt to their job rapidly are under this category. Besides the common solutions offered in all the countries where the company operates, varying training programs in the direction of the developmental needs of employees in relevant countries are also offered within the context of Talent in You.

Competency Trainings: The development of employees is supported on the basis of competencies defined in Arçelik Leadership Profile. Employees plan their development in agreement with their Managers and Human Resources and select the competency trainings from the training catalogue published annually.

Functional Development Programs: These include development solution consolidating the technical skills of employees and ensuring that they perform their job at the expected quality. In addition to technical trainings devoted to Production, Sales, Purchasing, Marketing, Quality Management Systems and Occupational Safety departments, there were also functional academies carried out during 2015. These are Marketing Academy, Sales Academy, Purchasing Academy, Project Leadership Academy, Market Oriented Product Development and Shift Supervisors Program. In 2016, the Technical/Production Academy and Financial Affairs Academy programs will also be put into use.



Orientation Programs: All new hires are assigned a mentor as Co-mate within the scope of the Warmup process, Co-mates accompany the new hires during four months with their knowledge, accumulation and experience. Apart from the orientation training received at the beginning of work, employees are invited to the general company orientation within their first 6 months.

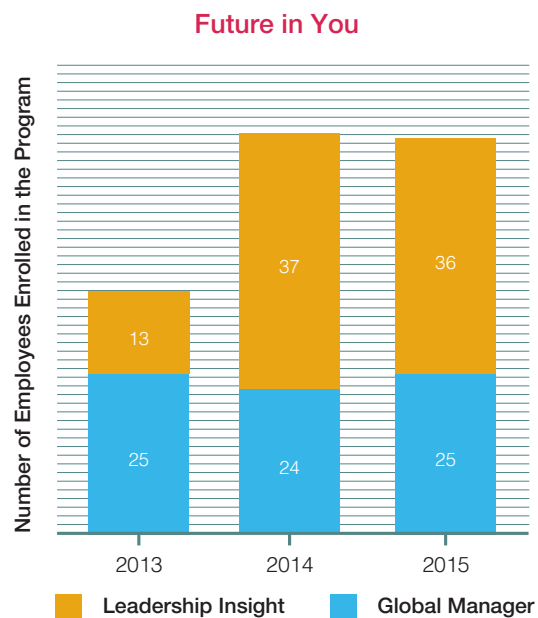
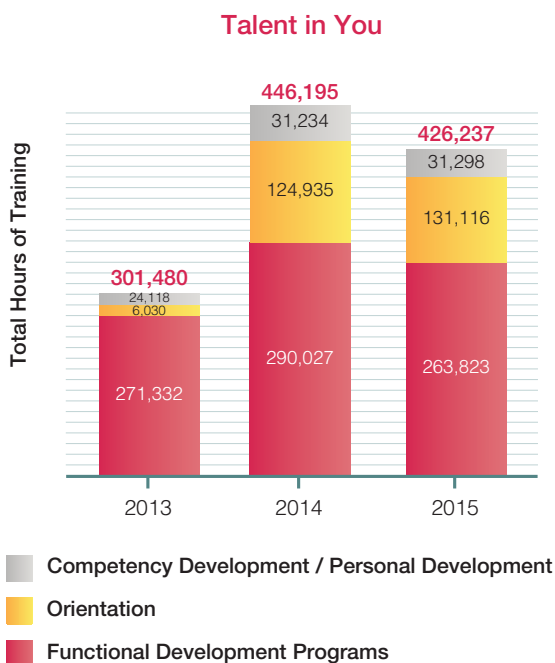
In addition to the technical and functional trainings that will improve corporate performance, the design and implementation of development activities such as foreign language trainings, seminars, webinars are also realized. Besides these, “Arçelik Competency Development Guide” that features on-the-job activities, reading and various visual/audio resources is an important developmental resource for employees.

Future in You

These are programs aiming to support Arçelik A.Ş. employees in achieving higher positions in their career journeys and to develop their potential. It is aimed to support employees under the headings of *Managing Self*, *Managing People and Relations* and *Managing Business*. The programs are conducted in an integrated manner with other developmental programs.

Global Manager: The development of employees who become candidates for intercountry assignments is supported and they are prepared for their new roles with the program developed in cooperation with Koç University.

Leadership Insight: This is the development program of Arçelik A.Ş. designed for potential employees who will assume roles in leadership positions in the future. The trainings, experience sharing meetings and workshops within the scope of the program aim for participants to improve in different development areas.





In addition to these programs, employees also participate in leadership and potential development programs organized by Koç Holding in the direction of their development plans. In the reporting period, the Leader and Business, Leader and Effective Team programs from among Koç Holding programs were attended by 19 people, the Leader and Strategy Program by 3 people, the Advanced Leadership Program realized at Harvard University by 1 person, the online innovation program of Harvard University by 10 people and the leadership programs organized at the Silicon Valley were attended by 3 people.

Leader in You

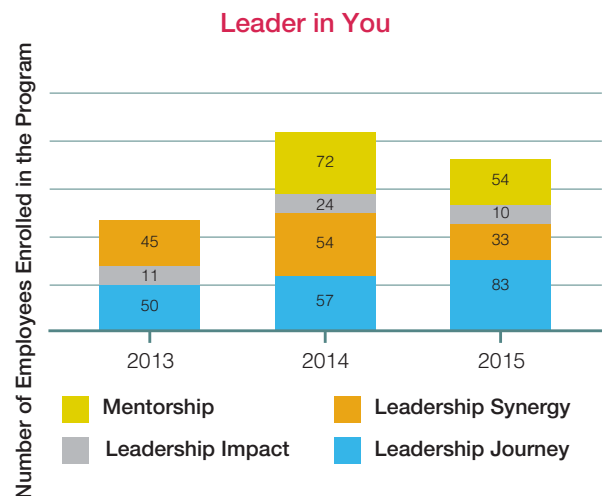
Within the framework of these programs, we support the developments of our "Managing Team", "Managing Manager", "Managing Function" and above executives on their career paths.

Leadership Journey: This is a program formed with the purpose of ensuring the swift adaptation of recently assigned managers to their new roles and supporting their development. The program is designed with on-the-job training methods following trainings, and it is supported by coaching sessions. The program that continues for about a year has been attended by managers working both in the domestic and abroad organizations.

Leadership Synergy: This program aims for raising the awareness of managers regarding new perspectives, new behaviors, new values necessitated by the role of "managing manager" and for them to acquire critical knowledge and skills. The program was designed as a training enriched with conceptual and experiential components. Executives at the level of "Managing Manager" positioned both in the domestic and abroad organizations are included in this program.

Leadership Impact: This was prepared for senior level executives in positions of "function manager and above". It aims to enhance their awareness regarding the new perspectives, new behaviors, new values required by their position and for them to adopt Arçelik Leadership Profile and critical leadership styles in order to create a common climate and culture. The program is supported by inventory analyses, coaching sessions and group coaching. The program which has been carried out for 2 years, continues with the participation of 40 senior level managers (director/country manager) from global organization as of 2015.

Arçelik Mentorship Program: This is a program constituted for experienced Arçelik A.Ş. executives to transfer their knowledge, skills and experiences and to support the personal, career and professional developments of recently assigned managers and employees assigned intercountry.



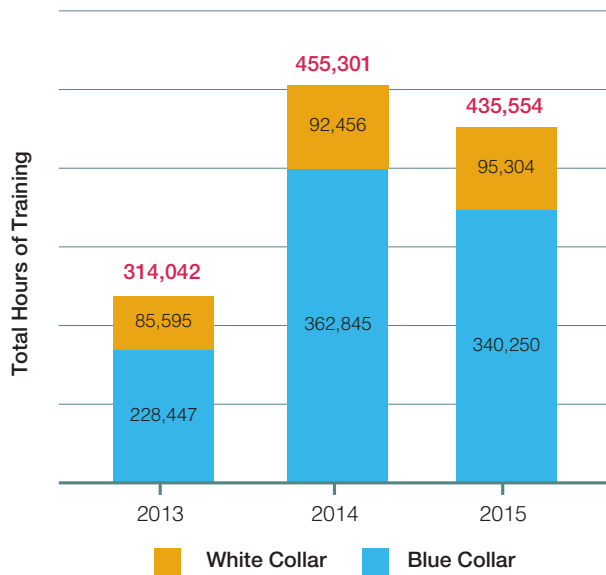


Employee Engagement and Motivation

Employee Engagement Surveys are conducted annually by an independent consulting institution, with the awareness that the engagement of individuals to the organization where they work is a determining factor for their happiness. The survey results are used for improvement works. In accordance with the results of the survey conducted during the reporting period, issues such as consideration and appreciation of employees' successes, supporting their career development and training were focused on. Award management, communication, career management, orientation, training and development processes were reviewed and renewed. The focus areas in the human resources processes of Arçelik A.Ş. are revised every year in accordance with the survey results.

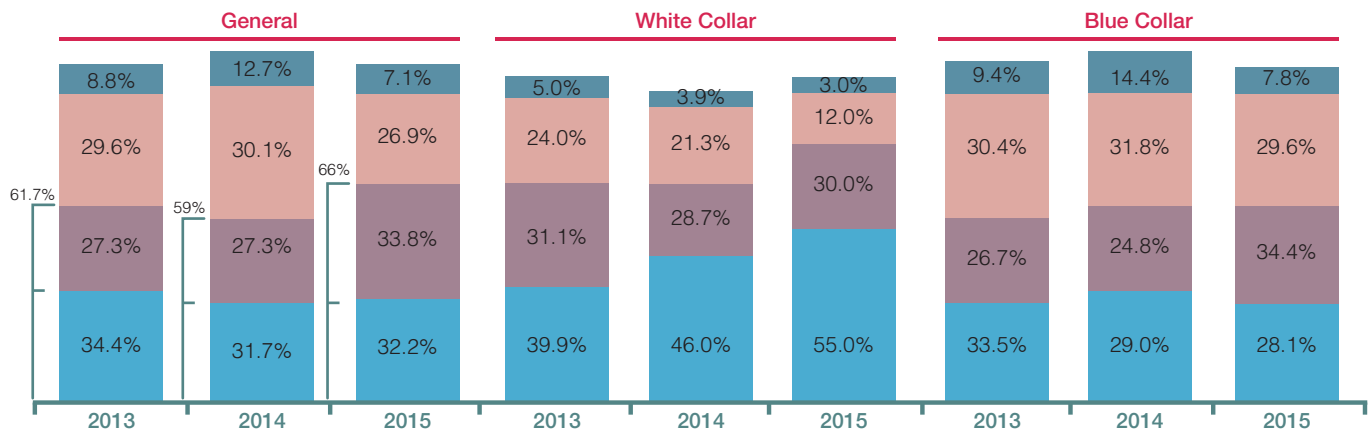
In consequence of the works focused on, the highest results in the last 5 years were achieved in white collar. Action plans were formed in response to the decrease in blue collar engagement in 2014, a positive trend was achieved in 2015.

Employee Trainings*



* This figure indicates values for Turkey operations.

- Not Engaged
- Negative Hesitants
- Positive Uncommitted
- Engaged





Employee Communication

Effective and transparent employee communication constitutes one of the significant components underlying the sustainable success of the global organization of Arçelik A.Ş. Bidirectional communication mechanisms allowing employees to be notified regarding corporate activities in the fastest and most transparent manner and to participate in decision-making processes. Employee feedbacks in diverse areas, ranging from improvement suggestions for business processes to expectations and complaints about the working environment, are obtained through communication channels. A platform that enables employees to constantly stay in touch and encourages them to be more creative was constituted with the global intranet system renewed in 2012. The corporate intranet ARPORT, the foremost communication resource, is actively used for global announcement and application for employees.

Pause&Play brand, created in 2012 and managed with the slogan "take a break, get together", is another channel used in internal communication activities.

Family Days where all employees and their families come together, new year parties organized at every yearend, special day gifts and surprise practices during the year are included among Pause&Play activities.

At Arçelik A.Ş., opportunities are provided for carrying out social club activities that allow employees to socialize and practice their hobbies. Since 2013, many social clubs and sports clubs, such as photography courses, choir works, theater, sailing and diving, were actualized with the participation of Company employees. As of the reporting period, 19 clubs are maintaining their activities on Bolu, Çayırova, Sütlüce, Çerkezköy, Eskişehir and Beylikdüzü campuses.

The Suggestion System is the primary communication mechanism whereby employees provide feedback regarding the effectivity and efficiency of their business processes. Each suggestion received from employees through the system is evaluated through committees, suggestions deemed appropriate are implemented and the participation of employees is rewarded through points awarded for each suggestion. In the reporting period, 1,808 suggestions were provided by employees within Arçelik A.Ş. Turkey operations and 1,263 of these suggestions have been implemented.

Award Systems

At Arçelik A.Ş., employees are appreciated for their successes, behaviors and efforts supportive of corporate targets and strategies; in this regard award systems named "Congratulations Awards" and "Pyramid Climbers" are benefited from.

As part of the "Pyramid Climbers" award system whereby innovative works that create difference are awarded, all Arçelik A.Ş. employees domestically and abroad are evaluated under 5 categories and awarded. These categories:

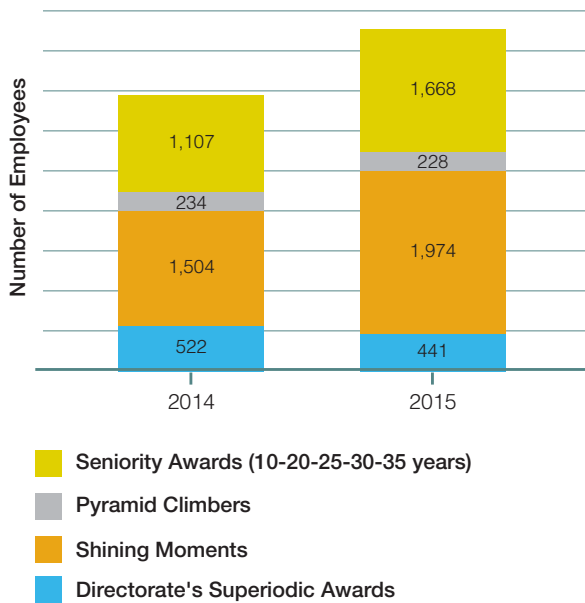
- **Creatives and Innovators:** Enables the development or implementation of a new idea or suggestion.
- **Cooperation Builders:** Develops cooperation through joint efforts within the company, with other Group companies and other institutions, creating mutual benefit.
- **Customer Satisfaction Creators:** Finds and implements common solutions by taking into consideration the current and future expectations of internal/external customers.



- **Differentiation Creators:** Offers different solution suggestions for current practices, ensuring results such as efficient increase, cost reduction, profitability, internal customer satisfaction increase, reputation increase.
- **Environmental and Social Value Creators:** Suggests and realizes works that contribute to the environment, energy savings in production or to society with a social responsibility approach.

In 2015, 548 projects were evaluated in 5 categories, 32 projects were entitled to receive awards at the Pyramid Climbers ceremony and 228 employees who participated in these projects were rewarded during the same ceremony.

Award Information



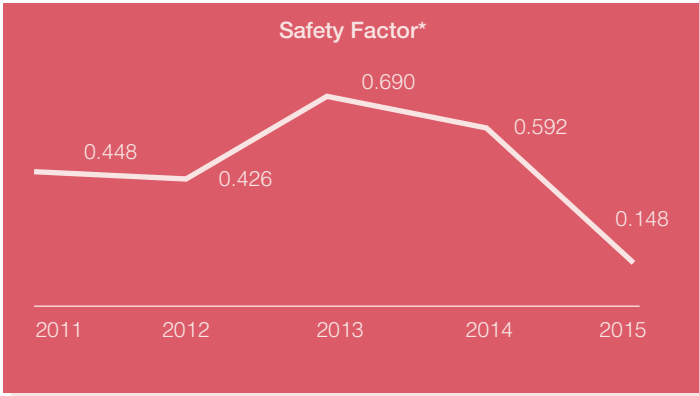
Occupational Health and Safety

Arçelik A.Ş., who considers occupational health and safety to be among its primary sustainability priorities, constantly improves its performance in this area with the practices it realizes in accordance with the objectives of zero working accident and zero occupational disease. The occupational health and safety performance of the company is managed with common indicators and concrete targets in all the operational geography, the monitoring and analysis of health and safety risks that might be caused by operations are ensured through efficient audit practices, these risks are eliminated with a preventive approach.

Arçelik A.Ş. does not limit its practices with regard to its occupational health and safety policy to its own operations and employees, it also actualizes communication and audit practices devoted to the components of its value chain. Audits aimed at active suppliers that also involve the headings of occupational health and safety are conducted, occupational health and safety trainings are also organized for subcontractor personnel besides company employees. In the same way, health and safety training programs devoted to employee families are conducted.

In the reporting period, 175,107 man*hour of occupational health and safety training was provided to employees in Arçelik A.Ş. Turkey operations, while 4,396 man*hour training was provided to subcontractor company employees. In the same period, employees in the Romania operation were provided with 3,148 and employees in the United Kingdom operation with 250 man*hour of occupational health and safety training.

At Arçelik A.Ş., occupational health and safety practices that are managed in integration with Quality and Environmental Management Systems go beyond legal rules and regulations, processes that constitute an example for the sector and operational geography are realized. The company manages its occupational health and safety performance within the common language constituted in its global organization, ensures the generalization of good OHS practices in specific regions of operation by communicating them to all regions of operation.



*Values are valid for Turkey operations.

In the reporting period, the accident frequency rate, which indicates the frequency of working accidents per total actual working time, for Turkey operations was improved by 45% achieving the level of 3.71. The accident severity rate, which indicates the number of lost working days due to working accidents per total actual working time, was improved by 55% reaching the level of 0.040.

During the reporting period, no fatal accidents occurred on our domestic or foreign plants.

Arçelik A.Ş. believes in the significance of employee engagement in the area of Occupational Health and Safety, it organizes OHS Committees that help monitor employee health and occupational safety programs and provides recommendations about these. 207 members participate in 14 committees in Turkey operations and 31 employee representatives assigned in these committees represent all Arçelik A.Ş. employees. 1 committee at the Romania operation includes 12 members, of which 6 employee representative, 3 committees at the United Kingdom operation comprise 13 members all of which are employee representatives. Employee representatives represent all the workforce in relevant countries. Employer liabilities regarding occupational health and safety subjects are determined within the scope of the collective labor agreement and guaranteed. Employees are guided in OHS subjects, trainings are provided by occupational safety experts and workplace doctors for employees in all Arçelik A.Ş. facilities.

With "Ergonomic Risk Measurement and Mapping" project initiated in Refrigerator Plant and "Ergonomics System" software and practice used in Washing Machine Plant, ergonomic risks at processes are defined and working spaces for each employee is determined. While these software and practice form a safer working environment, they increase efficiency in processes. The project and the system used in Washing Machine and Refrigerator plants during the reporting period, is planned to be extended to all other plants in the upcoming periods.

Freedom of Association

Arçelik A.Ş. regards unions as a 'social stakeholder' rather than an 'adverse party' in accordance with its Industrial Relations Policy, it cares for conducting regular and efficient relations with unions. The company respects the freedom of unionization and collective bargaining rights of its employees, adopts the preservation of workplace peace through the relation of trust it builds with unions as its primary principle. The signed collective labor agreements involve issues such as better working conditions, occupational health and safety, birth, death, education and marriage support and the practices are followed up.

Arçelik A.Ş. is a member of Turkish Employers' Association of Metal Industries (MESS), as employer union and Turkish Metal Union is the authorized union in our workplaces within Turkey operations as employee union. On December 15th 2014 the Collective Labor Agreement, covering the period between 01.09.2014 and 31.08.2017, was signed between MESS and Turkish Metal Union. In the reporting period, 168 Arçelik A.Ş. employees were assigned in employee unions while 2 employees took office in the employer union. As of the reporting period, 74% of the total number of employees in the countries where Arçelik A.Ş. operates are union members.

Number and Percentage of Employees Covered by Collective Bargaining Agreement (CBA)

| | Total Number of Employees | Total Number of Employees Covered by CBA | % of Employees Covered by CBA |
|----------------|---------------------------|--|-------------------------------|
| Turkey | 17,558 | 14,880 | 84.75 |
| Romania | 2,687 | 2,426 | 90.28 |
| United Kingdom | 266 | 0 | 0 |
| Others | 5,826 | 2,224 | 38.17 |
| TOTAL | 26,337 | 19,530 | 74.15 |

Environmental and Energy Management



At Arçelik A.Ş., we actualize various studies in different processes while conducting our operations in order to reduce our environmental impact. In this regard, we reduce energy consumption in our production processes and arising from the use of our products and we endeavor to minimize our carbon footprint. We act with awareness of our responsibilities in combating climate change, one of the primary issues of today's world; we work to disseminate our accumulation across our value chain. To this end, we actively participate in both national and international initiatives and we strive to further our pioneering role in our industry.

- √ We have reduced our direct greenhouse gas emissions by approximately 23%, our indirect greenhouse gas emissions by 78%, and our total greenhouse gas emission by approximately 51% since 2010, the base year.
- √ We represented Turkey at two separate panels of the UN Climate Change Conference (COP 21) organized in Paris during the reporting period. As part of the "Road to Paris 2015 Project", a global project for combating climate change started by CDP, we made a commitment concerning "Responsible Corporate Engagement in Climate Policy". We have also signed «Paris Pledge for Action» sent by Cambridge University Institute for Sustainability Leadership.
- √ We were granted the CDP Turkey 2015 Carbon Disclosure Leadership award.
- √ In 2015, we allocated resources worth 47,057,582 TL for environmentally friendly product research and development studies.
- √ We continued recycling old products at our recycling facilities in Eskişehir and Bolu that were engaged by the end of 2014; we saved energy equal to the annual energy generation of 6 wind turbines each with a capacity of 2.5 Megawatts.

Our Environmental and Energy Management Approach

The application of an environmentalist approach throughout the product life cycle is the foundation of our environmental and energy management approach. We act in accordance with this principle at all stages, from product design to life cycle completion.

The effective implementation of our environmental approach and the achievement of better results every passing period are made possible by an efficient operational structure. Our corporate policies guiding this structure are international and national standards and well accepted management systems. In this regard, we support Arçelik A.Ş. Environmental Policy and Arçelik A.Ş. Energy Policy with integrated ISO 9001 Quality Management System Standard, ISO 14001 Environmental Management System Standard and ISO 50001 Energy Management Standards.

Principles regarding Environmental and Energy Management are determined by Environmental Coordination, Green Chemistry Coordination and Energy Coordination Committees. Through these committees, the monitoring of targets set in accordance with Arçelik A.Ş. policies and strategies in the fields of environment, energy and chemistry is ensured, the compliance of targets with national and international legal regulations, as well as all followed systems and standards is assured through controls.

You can access Arçelik A.Ş. Environmental Policy and Arçelik A.Ş. Energy Policy under the "Sustainability" section of our corporate website www.arcelikas.com.

We share our performance in the areas of environment and energy with our stakeholders in accordance with our understanding of transparency and accountability. External audits carried out by independent organizations and regularly conducted Intercorporate System Audits are actively used to control our performance more effectively and to guarantee its continuity.

Generalizing our environmental approach among our employees and value chain is among aspects to which we attach importance. In this regard, we have provided a total of 21,497 man*hour of environmental training to 11,310 employees and a total of 377.05 man*hour of training to 312 subcontractor personnel working in our Turkey operations, during the reporting period. In the same period, 1,375.5 man*hour of environmental training was provided to 917 employees and 1,204.5 man*hour of environmental training to 803 subcontractor employees, within the scope of the Romania operation.

As Arçelik A.Ş., we maintain our investments in this field to reduce our environmental impact every year. During the reporting period, we have transferred resources worth a total of 14,290,625 TL to our environmental protection processes in our Turkey operations. In the same period, funds worth 695,478 EUR were allocated to environmental protection investments and expenditures in our Romania operation.

| Objectives for 2015 | Realization Status | Realization |
|--|--------------------|--|
| To achieve energy savings of 5% and reduce our greenhouse gas emission through energy efficiency projects. | √ | The ratio of the total annual financial revenues of the projects to their energy costs was 5.3%. |

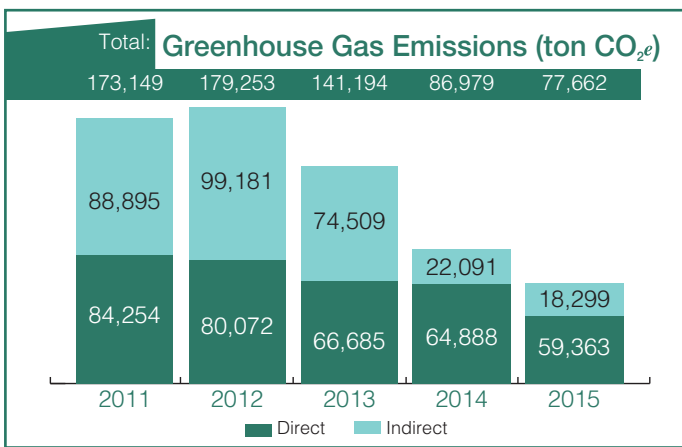
√ : Project completed

Objectives for 2016

- To achieve energy savings of 5% and reduce our greenhouse gas emissions through energy efficiency projects.
- To follow developments in renewable energy investments and continue feasibility studies.
- To sustain or exceed our rate of electricity generated from renewable energy sources.

Combating Climate Change

We act with the awareness of the responsibilities on the whole business world regarding the combat against climate change. Climate change is a phenomenon which we consider to be a baseline risk for the sustainability of our operations. For this reason, we strive to reduce our carbon footprint through energy efficiency projects conducted within the context of our strategy for combating climate change. Besides our operational processes, we actively participate in national and international initiatives for combating climate change and we carry out information works aimed at our value chain in accordance with the responsibilities we bear in the solution of related problems.



Greenhouse gas emissions generated by operations including 6 campus areas, where the 8 production plants of Arçelik A.Ş. in Turkey are located, and Sütluçe campus, where the Headquarters is located, are quantified and verified in accordance with ISO 14064-1 Standard since 2010. With the project started at the end of the year 2015, the company's Arctic Refrigerator Plant, located in Romania, was also included within the scope of this work. As Greenhouse Gas Emissions Management System was implanted to Arctic Refrigerator Plant, GHG emissions belonging to year 2015 have been verified with "reasonable assurance" by an independent body.

The total greenhouse gas emission caused by our Turkey operations has decreased by 11% since the previous reporting period. While our direct greenhouse gas emission decreased by 9% in this period, the decrease in our indirect greenhouse gas emissions was realized at 17%. In comparison with the year 2010, which we take as base year, the decrease in our total greenhouse gas emissions is 51%.

We have continued, in 2015, our practice of supplying energy generated from renewable energy resources to our campuses, which we implemented in 2012. As part of the practice in 2015, 82% of energy consumption of campuses in Bolu, Beylikdüzü, Sütluçe, Eskişehir, Çerkezköy and Ankara was generated through renewable energy sources, preventing 83,553 ton CO₂e of greenhouse gas emission. In the same period, a reduction of 5,217 ton CO₂e was achieved in greenhouse gas emissions through energy efficiency projects we realized.

The total greenhouse gas emissions generated in 2014 by the domestic logistics operations of Arçelik products, which were verified at the level of 'limited assurance' by an independent body within the context of "Scope 3 Emission Calculation (Logistics) Project", is 46,445 ton CO₂e.

We conduct atmospheric emission management studies for the protection of air quality, we share the results provided by independent accredited laboratories measuring our compliance level with official institutions. In this regard, we are consistently reducing the level of our volatile organic compound (VOC) emissions, which we have been measuring since 2006. The emission values of all our operations are below legal limits.

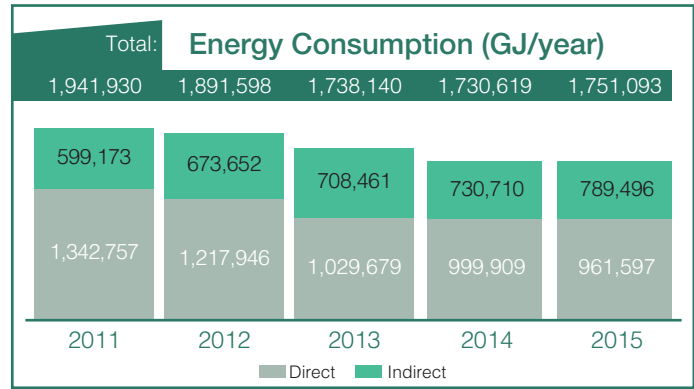
Arçelik A.Ş. pioneered a first in the sector in 2014 and established two recycling facilities in Bolu and Eskişehir, fulfilling the requirements within the framework of the Regulation for the Control of Waste Electric and Electronic Equipment (WEEE). At Eskişehir facility, refrigerators, coolers, air conditioners are recycled and CFC (chlorofluorocarbon) gases harmful for the ozone layer are collected with a closed system. At Bolu facility all large white goods, except refrigerators, coolers and air conditioners, as well as small household appliances are recycled. The recycling of old products at the facilities, which were engaged as of 2014 yearend, was also continued in the reporting period. The energy gain achieved through the recycles realized since the facilities first became operative is equivalent to the annual energy generation of six 2.5 MW wind turbines.

As part of the project for calculating the carbon footprint of our supply chain, which forms a significant part of our value chain, the carbon emissions of our suppliers, who provided relevant information, were continued to be calculated in the reporting period.

In accordance with our strategy for combating climate change, we continue to support efforts for producing solutions by playing an active role in national and international initiatives. We became a signatory of the 2°C Communique in 2011, participated in the UN Climate Change Conference, which was held in Durban in the same year, and in Doha in 2012, at the level of CEO, sharing our studies with the public. We attended the UN Climate Change Conference held in Warsaw in 2013, and actively participated in work groups within the Ministry of Environment and Urbanization ahead of the UN Climate Change Conference in Lima in 2014. Our country was represented in two separate panels within the scope of the UN Climate Change Conference held in Paris during the reporting period. Also in the reporting period, a commitment was made in the issue of “Responsible Corporate Engagement in Climate Policy” within the context of “Road to Paris 2015 Project”, a global project for combating climate change started by CDP.

Corporations report how they manage climate change, water and deforestation risks within the scope of the Carbon Disclosure Project, which works to transform the functioning of the business world in order to reduce the impact of climate change and preserve natural resources, for the information of the public and international investors.

Arçelik A.Ş., who won the “CDP Turkey Carbon Disclosure Leader” award in 2012 and the “CDP Turkey Climate Performance Leader” award in 2013 within the context of CDP’s activities in Turkey, was entitled to inclusion in the “A List: CDP Climate Performance Leadership Index”, in 2014. Arçelik A.Ş. also received the “CDP Turkey Carbon Disclosure Leader” award in the reporting period.



During the reporting period, the company’s energy consumption in Turkey operations increased by 1.2% from 2014, due to the increase in the amount of production and changes in product types. In consequence of the energy consumption reduction and energy efficiency projects we conducted in the same period, 46,914 GJ of energy savings was achieved. In 2015, all of the direct energy consumption was supplied from nonrenewable sources, while the supply rate of electricity generated from renewable energy sources in indirect energy consumption was realized at the level of 82%.

As a result of the energy efficiency works conducted at Gaeşti Refrigerator Plant within the scope of our Romania operation in the same period, a total of 8,815.74 GJ energy savings was achieved and 1,219 ton CO_{2e} of emission reduction was ensured.

Energy Efficiency in Production

Energy efficiency in production is a process we meticulously monitor. In this regard, energy consumption levels at all stages of production processes are determined, periodical analyses are conducted, areas open to improvement are identified and energy efficiency projects are implemented. In consequence of our production energy efficiency approach, we reduced our total energy consumption by 5.3%* with 99 energy efficiency projects over 2015.

* The ratio of total annual financial revenue of the projects to energy costs.

Some of the prominent energy efficiency projects conducted in 2015 are as follows;

- **Replacement of Air Guns with Electric Guns on Assembly Lines**

An annual electricity savings of 4,536 GJ was ensured and an annual greenhouse gas emission of 623 ton CO_{2e} was prevented through the replacement of 185 air guns with electric guns at Arçelik A.Ş. Cooking Appliances Plant.

- **Polyurethane Facility Operating Time Optimization**

The operating hours and finish times of polyurethane machines on 6 production lines at Arçelik A.Ş. Refrigerator Plant were controlled through a program that was developed, ensuring the automation of the working order of the facility. The project ensured an annual electricity savings of 5,220 GJ and the prevention of 715 ton CO_{2e} greenhouse gas emissions annually.

- **Absorption Refrigeration Device Investment**

At Arçelik A.Ş. Washing Machine Plant, an annual electricity savings of 3,960 GJ was ensured and an annual greenhouse gas emission of 543 ton CO_{2e} was prevented by means of an absorption refrigeration device engaged.

- **Optimization of Compressor Pressure Values**

An energy efficiency study carried out on equipment at Arctic Gaeşti Refrigerator Plant gauged and optimized the pressure values of compressors within the compressor station, thereby gaining an annual electricity savings of 1,980 GJ.

- **Inverter Practice in Electric Motors**

Also at Gaeşti Refrigerator Plant, an annual electricity savings of 868 GJ was achieved through the inverter practice in mold elevation motors at polyurethane foaming processes; equipment lifetime was extended by regulating engine speed more accurately.

In 2015, in television production, the share of A++, A+ and A class energy efficient products was 99.8% of total production. The level of energy consumed per unit product that was achieved in 2014 was preserved in the reporting period. Also in the reporting period, stand-by power consumptions were reduced to levels ranging between 0.12W and 0.29W, ensuring energy savings by 38.6% in stand-by power consumption through this improvement.

The annual average energy consumption per product was reduced by 0.3% at our Cooking Appliances Plant, by 2% at our Washing Machine Plant, by 0.8% at our Dishwasher Plant, and by 6.6% at our Tumble Dryer Plant, when compared to 2014. While the share of high energy efficiency products in total production was increased at our Washing Machine Plant, the share of A class heat pumped products at our Trumble Dryer Plant increased from the level of 24.3% to 33.9%.

Some of the energy saving products produced in the reporting period are as follows:

- A+++ No Frost Combi Refrigerator
- "A+" Energy Class 90 cm Hood
- "A+++ -30% Energy Efficient" No Frost Combi Refrigerator
- 55" UHD "A+" Smart TV
- "A++ Energy Class" Built-in Oven
- "A+++ -70% Energy Efficient" Washing Machine
- "A+++ -10% Energy Efficient" Dryer

All Arçelik A.Ş. products are labelled in full compliance with regulations determined by countries of sale concerning product information and labelling. The labels include information under the main headings of energy and water efficiency, impacts on human health and consumer safety, alongside basic information about products.

Energy Efficiency in Products

Our products are manufactured with a regard for energy efficiency that begins in the design stage. The share of our products that are environmentally friendly increases each year, with the assistance of our innovative approach. By means of the difference we create in this field, our environmental impact is reduced while providing a significant competitive advantage at the same time. In 2015, we have allocated resources worth 47,057,582 TL to environmentally friendly product research and development studies. A total 171,264.37 GJ energy gain was attained in 2015 with energy efficient products from all Turkish operations when compared to 2014.

Respect for Biodiversity

We monitor the impacts of our operations on species and people inhabiting our operational geography, managing all our operations in parallel with environmental risk analyses beginning at the investment stage. We conduct feasibility studies in the establishment stages of our new operation centers, we only commence operations in regions suitable for our operations, we take preventive actions to avoid the negative exposure of species and people subsequent to the risk analyses and assessments we carry out.

All of our operation sites are located in areas designated as suitable for industrial production operations, therefore we have no facilities located on natural protected areas identified by laws or international conventions, special environmental protection areas, or RAMSAR (Convention on Wetlands of International Importance) sites. Similarly, there are no areas having such status within the physical impact areas of our facilities; in result of the precautions we take and our studies aiming at reducing environmental impacts, our activities do not have any significant negative impact on biodiversity and natural habitats.

Studies for enhancing biodiversity, started with the planting of 100 "Bolu Mountain Hazelnuts", a species endangered due to germination complexions and unique in the world, by our Cooking Appliances Plant in 2012, were also continued in the reporting period. The cultivation of 8 bulbous plant taxons rarely and/or endemically growing in Bolu province, put under preservation with the Endemic Plants study realized at the Cooking Appliances Plant, was continued.



Use of Natural Resources and Waste Management



As part of our efforts towards the efficient use of natural resources, we actualize practices aimed at preventing waste generation at its source alongside our efficiency works. Within the scope of our waste management, we increase our packaging waste management practices through for recycling waste products. We continue our efforts to reduce water consumption in production with applications within the context of recycling and reuse. We design water efficient products through our advanced technology.

- √ We reduced the total amount of water consumption by 10.13% compared to 2014 through water efficiency activities.
- √ We achieved 302,216 m³ of water savings through efficient water use during the reporting period.
- √ We pioneered in our industry by our WEEE recycling facilities in Eskişehir and Bolu, becoming the first and only manufacturer to establish its own plants.

Integrated Waste Management

Arçelik A.Ş. enhances the efficiency of raw material, material, water and packaging consumption through Integrated Waste Management practices carried out, it acts with an understanding that prevents waste generation at the source. The company consistently reduces the environmental impacts generated by its operations through reduction, reuse and recycling practices. The company, continuously increasing the recycling rate of wastes generated by production processes, does not limit its waste management practices to production processes but ensures the recycling of products that have completed their lifecycle.

| Objectives for 2015 | Realization Status | Realization |
|---|--------------------|---|
| The reduction of per product water consumption by 3% in three of our plants through effective water use. | √ | We reduced per product water consumption by 9.7% at our Cooking Appliances Plant, by 13.5% at our Washing Machine Plant, by 9.1% at our Tumble Dryer Plant, by 6.7% at our Electronics Plant, by 24% at our Refrigerator Plant, by 9.1% at our Compressor Plant and by 22.6% at our Dishwasher Plant. |
| To organize an environment-themed photography competition to contribute to raised environmental awareness within the company. | √ | A company climate change-themed photography competition named "Respecting the Environment" was organized. |
| √ : Project completed. | | |

Our Objectives for 2016

- To reduce water consumption per product by 3% compared to 2015 in five of our plants through studies for efficient water use.
- To conduct environmental awareness campaigns throughout the company.
- To roll out three projects aimed to reduce waste and/or improve processes at Arçelik A.Ş. plants.

Efficiency in Raw Material and Material Use

Arçelik A.Ş. reduces the raw material and material flow costs, while also minimizing its environmental impacts generated by production through works to improve resource efficiency in production processes. The company continuously reduces the amount of raw material and material consumed per product and consistently increases the rate of recycled materials in the general material consumption thereby fulfilling its responsibility to preserve natural resources.

Some of the resource efficiency studies realized during the reporting period are as follows:

- At the Electronics Plant, raw material obtained by shredded residual plastics is used at the rate of 15-25% in the production of plastic rear cover for televisions. In addition, raw material obtained by shredded residual EPS packages is used at the rate of 3-7% in EPS packaging production.
- At the Cooking Appliances Plant, paint and enamel residuals in the enamel and paint department are being reused as result of conducted works.
- At the Washing Machine Plant, plastic wedges generated in the plastic production and residual boilers are reused as raw material.
- The process coil start/end scraps of discs used in tumbler front and back lid production at the Washing Machine Plant are used in tumbler seal plate and shaft cap production at the Dryer Plant.
- Lower/upper sealing sheets used in built-in products at the Washing Machine Plant are printed from sheets scrapped at coil start and end.
- As part of the raw material efficiency study conducted by Product Sourcing Directorate, 400 gr of metal material savings per product was ensured through the motor change implemented in Tornado products. In consequence of the improvement, an annual metal material savings of 13 tons was ensured.

Consumption of Raw Material and Material at Plants in Turkey

| Raw Material and Material Consumption by Type (ton) | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|
| Plastic | 73,493 | 108,076 | 107,600 | 82,935 | 200,878 |
| Metal | 295,863 | 290,929 | 304,061 | 239,209 | 267,509 |
| Other Materials | 304,404 | 354,080 | 407,147 | 400,544 | 244,077 |
| Chemicals | 7,479 | 8,136 | 74,583 | 79,128 | 79,067 |
| Total | 681,431 | 761,221 | 893,391 | 801,816 | 791,531 |

Wastes From Production Processes

Arçelik A.Ş. supports its studies for reducing wastes generated by production processes through its practices aimed at the recovery of generated wastes. Wastes generated in all company facilities are categorized, collected separately at the source in accordance with waste type and legal regulations and are either recovered or disposed with regards to waste type. Nonhazardous wastes generated by office operations are collected as part of Koç Group Recycling Project and sent to recycling.

| Wastes by Type and Disposal Method (ton) | | | |
|--|-----------|----------|--------------------|
| | Recovered | Disposed | Recovery Ratio (%) |
| Hazardous Waste | 3,316 | 290 | %91.96 |
| Nonhazardous Waste | 91,556 | 2,742* | %97.09 |
| Total | 94,872 | 3,032 | %96.90 |

* Mainly domestic waste that cannot be recycled.

Some of the waste reduction works realized at Arçelik A.Ş. plants during the reporting period are as follows:

At the Electric Motors Plant;

- A 5-ton reduction was achieved in the amount of hazardous waste originating from waste lacquer by using the sandblasting method for cleaning lacquered grates at the General Purpose Motor Department.
- Bacteriological contamination was prevented by ensuring the circulation of the boron oil emulsion in the tank, as well as achieving an annual savings of 150 l of boron oil and 3 tons of water.

At the Tumble Dryer Plant;

- Wastewater pollution load was reduced and an approximately 16-ton improvement was achieved in the amount of wastewater sludge as against the previous reporting period, through improvements made in the paint shop pretreatment line.

At the Washing Machine Plant;

- The phosphate sludge formation was eliminated with the change made in the paint shop process. By switching to nano-coating at the paint shop, the phosphate sludge that was realized at the level of 83,840 kg in the January-December period of 2014 was eliminated as of January 2015.
- Conventional coagulants were replaced with organic coagulants at the industrial wastewater treatment facility, ensuring a reduction in the amount of chemical used for pH adjustment. With the decrease in the amount of chemical material, a reduction of 47% was achieved in the amount of treatment sludge as against the previous year.

At the Dishwasher Plant;

- Waste project was implemented, ensuring approximately 10 tons of waste reduction.
- The water ratio of waste oils that contain around 70% water was reduced to the level of 30%, allowing the treatment of waste oils in recovery practices; about 30 tons of waste reduction was achieved.

At the Electronics Plant;

- The recovery of waste wire solder was ensured by reusing in production, 512 kg of wire solder was recovered in 8 months.

Recycling Project

Arçelik A.Ş. has participated in the Koç Group Recycling Project, initiated in 2010, as part of its global recycling network membership. The project aims to raise employee awareness of recycling and to promote a common standard of collection and the recycling of paper, glass, metal and plastic. During the reporting period, approximately 7.88 tons of household glass waste, 56.23 tons of paper, 1.49 tons of metal waste and 3.01 tons of plastic were collected at Arçelik A.Ş. facilities.

Packaging Use and Waste Management

Arçelik A.Ş. actively manages its packaging and packaging waste processes. These play a significant role in its integrated waste management practices, which allows the company to minimize its environmental impact by consuming less resources and producing less packaging waste. The company, which opts for recoverable and more environmentally friendly packaging materials in all packages, develops projects aimed at reducing packaging material consumption and resource use. The company realizes practices focused on increasing reuse and recycling, it designs the volume and weight of product packages so as to generate minimum waste.

All Arçelik A.Ş. product packages are recyclable and 60% of the cardboard packages used in the reporting period contains recovered material.

Packaging Types Used for Our Products

| Packaging Material | Cardboard | Plastic | Wood |
|--------------------|-----------|---------|------|
| Dishwasher | √ | √ | √ |
| Refrigerator | √ | √ | √ |
| Washing Machine | √ | √ | √ |
| Tumble Dryer | √ | √ | √ |
| Cooking Appliances | √ | √ | √ |
| Electronic Devices | √ | √ | x |

Product Reuse, Recycling and Disposal

Arçelik A.Ş. fulfills the requirements of ISO 14001 Environmental Management Standard, taking a leading role in national and international initiatives in the area of recycling of products. The company manufactures products with high rates of recyclability, ensures the reception of products that have completed their life cycles from consumers through widespread collecting mechanisms and realizes their reuse, recycling and disposal at recycling facilities.

Arçelik A.Ş. ensures the compliance of the products it puts on the market with WEEE Directive through the collecting and recycling mechanisms it has formed and fulfills the requirements within the framework of the Regulation for the Control of Waste Electrical and Electronic Equipment (WEEE) which entered into force in 2012.

Recycling Rates of Raw Materials and Other Materials Used in Our Products

| Materials | Status |
|------------|-----------------|
| Metals | 100% recyclable |
| Plastic | 100% recyclable |
| Glass | 100% recyclable |
| Chemicals* | Non-recyclable |
| Rubber | 100% recyclable |
| Others | 81% recyclable |
| Components | 80% recyclable |

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

Recyclability Ratio of Our Products

| Product | Status |
|--------------------------|-------------------|
| Washing Machines | 99% recyclable |
| Condenser Tumbler Dryers | 98% recyclable |
| Refrigerators | 99% recyclable |
| Dishwashers | 84% recyclable |
| Electronic Devices | 88-92% recyclable |
| Ovens | 91% recyclable |

Use of Natural Resources and Waste Management

Arçelik A.Ş. made investments for encouraging the recovery of its products to the nature and their use as resources within the scope of its Extended Product Responsibility, and established its own recycling facilities. Arçelik A.Ş. pioneered in its industry in Turkey with its recycling facilities at Eskişehir and Bolu; becoming the first and only producer company to establish its own WEEE recycling facility.

Refrigerators, coolers and air conditioners are recycled at the WEEE recycling facility in Eskişehir. This is the first recycling facility in Turkey with the capacity to collect CFC (chlorofluorocarbon) gases that are harmful to the ozone layer and ozone depleting or have a global warming potential (GWP) above 15, found in old refrigerators, through a closed system.

At our other recycling facility established in Bolu, the recycling of large white goods and small household appliances is realized.

“The Greatest Renewal Movement of Turkey Campaign” that was started across Turkey for the purpose of collecting WEEEs and reintroducing them to the nature and national economy, implemented for the first time in 2014 with the slogan “Let the Return to Nature Begin”, was also carried out in 2015. Recycling is also encouraged through our sales campaigns, sustainable business models are produced. As part of the exchange campaign, WEEEs collected from customers by Arçelik and Beko dealers and authorized services were sent to licensed recycling plants. Materials obtained from WEEEs recycled at facilities are reintroduced to the economy in accordance with the concept of “Resource Efficiency”.

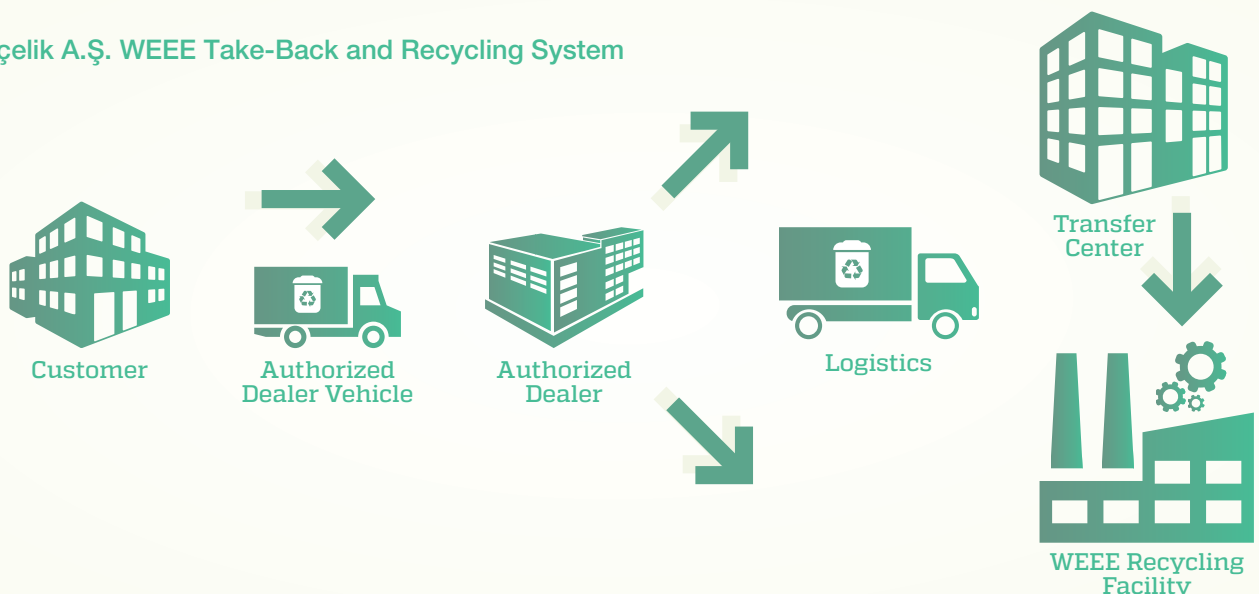
The reduction of greenhouse gas emissions is ensured especially through the recycling of old and high electricity consuming refrigerators with CFC at the recycling facilities of Arçelik, thereby also contributing to our country’s fight against climate change.

A significant contribution to energy efficiency in our country is also ensured through the recycling of high energy consuming old products. The energy gain achieved by means of the recycling of high energy consuming old products at the two facilities since their engagement is equivalent to the annual energy generation of six 2.5 MW wind turbines. Arçelik is characterized as the first company in its industry to minimize its environmental impacts during product lifecycle with the two recycling facilities it has established.

Arçelik took action to prevent the sales of products that are second hand, introduced to the market illegally by unknown parties and contain risk with the trade-in campaign it started with the slogan “Let the Return to Nature Begin” and the recycling facilities it has established; hereby starting works for preventing the use of unsafe products by consumers. Arçelik realizes the recycling of WEEEs without harming the environment and human health at the modern facilities it has established in compliance with environmental regulations, thereby providing support for the enhancement of the quality of the recycling industry in Turkey and for employment generation in this area.

In the reporting period, Arçelik A.Ş. continued its “Market Transformation of Energy Efficient Products” project, which was started in 2010 in cooperation with the United Nations Development Program (UNDP), Global Environment Fund (GEF), Turkish Ministry of Science, Industry and Technology, Turkish Ministry of Energy and Natural Resources General Directorate of Renewable Energy, Turkish White Good Manufacturers’ Association (TurkBESD). The project was finalized on December 31, 2015.

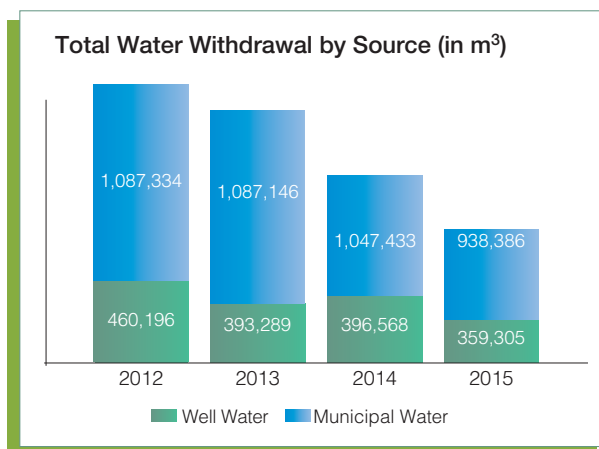
Arçelik A.Ş. WEEE Take-Back and Recycling System



Water Use, Recovery and Discharge in Production

Arçelik A.Ş. designs projects that reduces water consumption in its production processes, registering significant decreases in both water consumption and the amount of discharged water through processes focused on recovering used water. The values regarding discharged waters are kept below legal limits through regularly conducted controls and wastewater treatment activities.

In 2015, we reduced our total amount of water withdrawal by 10.13% in comparison to 2014 by way of improvement and efficiency works we implemented in Turkey.



The total amount of saved, recycled, recovered and reused water in 2015 is 302,216 m³. Some of the works realized in the reporting period aimed at reducing water consumption and reusing water are as follows:

A total of 4,401 m³ of water savings was achieved in 2015 through water consumption improvement works realized at the Electronics Plant.

At the Cooking Appliances Plant, household wastewater is purified using reverse osmosis at a wastewater treatment unit and used for flushing toilets and in chemical preparation at the treatment facility. Consequently, 2,366 m³ of water was recovered in this way in 2015.

A total of 117,988 m³ water savings was achieved at the Washing Machine Plant through water saving, water reuse and waste water and rain water recovery practices.

26,013 m³ of savings was achieved by means of the reduction in water consumption per product at the Dishwasher Plant. Besides, stored rain water was used for the irrigation of gardens.

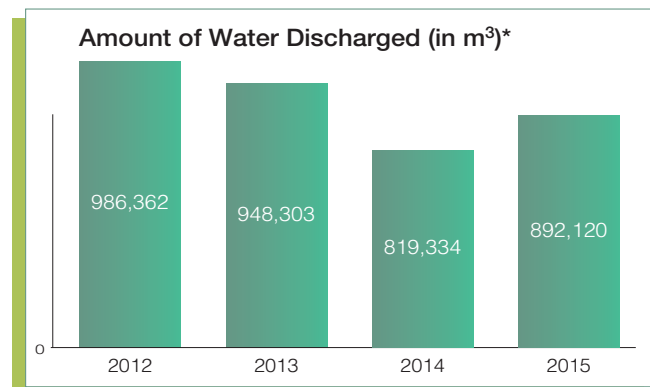
A total of 85,701 m³ water savings was ensured through improvement studies conducted in the paint shop at the Refrigerator Plant. 5,107 m³ of water savings was achieved by reducing daily water evaporation at the cooling towers. A total of 5,107 m³ was saved through the reduction in the flowrate of urinals in the restrooms. With Boiler Room Reverse Osmosis Wastewater Recovery project, the water consumption was reduced and 23,055 m³ water was recovered.

17,460 m³ of water savings was achieved as a consequence of the studies undertaken with mangan phosphate, zinc phosphate baths and test pools at the Compressor Plant.

719 m³ of water savings was ensured by starting the use 2 cooling towers instead of 4, during winter months, in order to reduce water evaporation at the Electric Motors Plant. With the improvements achieved at cutting/cooling oil consumption at machining production field and foundry, 238 m³/year water saving was achieved.

With the water recovery studies conducted in dye works that use cataphoresis and internal dye works processes, total of 6,508 m³ water savings was achieved at the Tumble Dryer Plant.

The recycling of 7,553 m³ of water was ensured at Arctic Refrigerator Plant.



* The figures included refers to Turkey operations.

Arçelik A.Ş. makes a point of exhibiting a performance that exceeds the water discharge standards stipulated by the laws in order to preserve water resources and biodiversity in its regions of operation. The waters that are discharged in result of operations are treated at chemical and biological treatment facilities formed in accordance with the characteristics of the waters exiting relevant production plants, their conformance with standards are periodically controlled. According to the periodical controls conducted during the reporting period, the COD (Chemical Oxygen Demand) values of the waters discharged by Arçelik A.Ş. plants located in Turkey were considerably lower than the legal limits.

Some of the improvement works we have conducted regarding water discharge during the reporting period are as follows:

Water consumption was reduced to the level of 4.2 l/FBU and 23,054 m³ of water was recovered through the boiler room RO (reverse osmosis) wastewater recovery project at the Refrigerator Plant.

Project for recovering Washing Machine Plant biological wastewater treatment facility discharged water and rainwater: The facility for the recovery of biological treatment discharged waters and rainwaters continues its operations with the support of Istanbul Development Agency. Thanks to the project, water consumption per product was reduced by 13% from 2014.

Supply of Washing Machine Plant ion exchanger raw water tank from RO: Ion exchangers used to obtain pure water are fed by RO production water instead of municipal water. RO production equivalent to the amount that is not drawn from internal production is supplied to pure water ion exchangers. A total of 92.273 m³ water was recovered during 2015 as part of these works.

Cooking Appliances Plant on-site process water and rainwater recovery, reduction and integrated water management project: This project, which is conducted in cooperation with ITU as part of university-industry collaboration works and receives TÜBİTAK TEYDEB 1505 incentive, aims to the recovery of process wastewaters generated during production and rainwaters through advanced treatment technologies. The project is in the implementation phase.

Water Efficiency in Products

Arçelik A.Ş. does not limit its environmental sustainability approach to production, but follows a management understanding that takes into account the entire life cycle of its products. Water consumption associated with product use constitutes a significant percentage of the environmental impact of Arçelik A.Ş. The company allocates significant resources to environmentally friendly product research and development each year, and develops products that lead the industry in terms of water savings.

During the reporting period, the wash cycle water consumption of 60 cm 'good' level dishwashers was reduced. As this model constitutes 85 percent of the dishwasher machine product range, a resultant 560 liter per year of water saving for each product was achieved. With the inclusion of variable speed motors in 60 and 45 cm 'good' level products, 840 and 560 liters per year water savings were achieved, respectively. In the reporting period, as part of the Lotus project a dishwasher that consumes just 5.5 liters of water was designed and put into use.





Sustainability Management in Value Chain



Arçelik A.Ş. works very hard to integrate sustainability into its business at all levels, from supply chain to production to after sales, while increasing its global presence and prevalence. As an industry leader, by cooperating closely with its stakeholders in its value chain, Arçelik can leverage its experience to optimize and increase the efficiency of its processes, in addition to developing more sustainable products and fostering sustainable consumption.

- √ With the Arçelik A.Ş. R&D Center established on Cambridge Science Park, we have increased the number of our R&D centers to 10.
- √ Within the scope of the supplier development program, we have provided 1,072 man*hour supplier training.
- √ We have provided 310,000 man*hour training for the technical staff in our authorized services responsible for our operations in Turkey and abroad.



Innovative and Superior Technology

Thanks to technological competence and innovative power derived from 24 years of R&D, Arçelik A.Ş. designs innovative, environmentally-friendly products that make a difference and enjoys sustainable success in global markets. As a result of its innovation studies that focus not only on efficiency in production processes but also environmental impact of the product life cycles, the company develops products that are produced with recyclable materials, which consume minimum water and energy and emit low level of noise emissions. Monitoring demographic, technological and environmental developments closely, the company undertakes practices that make a difference for the sector. Innovation is regarded as an essential and indispensable aspect of Arçelik A.Ş. corporate culture and its way of doing business. It also constitutes one of the cornerstones of the sustainable profitable growth strategy that supports the global vision of the company as well as its brand and customer-oriented business model.

Developing products that meet consumers' expectations in diverse locations with over 1,000 R&D staff in total working at 10 R&D centers — 8 of which are located in Turkey — Arçelik A.Ş. remains the leader for patent ownership in Turkey while being the only Turkish company to make it to the top 200 list issued by the World Intellectual Property Organization (WIPO). The company not only develops technologies but also takes the issue of protecting the technologies it has developed seriously. It holds over one third of the international patent applications made from Turkey to the World Intellectual Property Organization (WIPO) in addition to the half of the applications registered by the European Patent Office (EPO). During the reporting period, Arçelik A.Ş. has received the "Patent League Champion" and "Company Making the Highest Number of International Patent Applications" awards from the Turkish Patent Office according to the the patent applications made in 2014.

While protecting its intellectual capital through patent applications, Arçelik A.Ş. also shares its research with the public through conferences and articles published in scientific journals. During the reporting period, many Arçelik A.Ş. studies have been disseminated through articles published in both national and international journals, conferences and seminars. What is more, Arçelik A.Ş. participates in significant innovation organizations held throughout Turkey and the world.

Arçelik A.Ş. promotes a culture focused on innovation throughout all its business processes. The company also benefits from an active organizational structure and collaborates with stakeholders to ensure that its understanding of innovation is maintained throughout the entire value chain. Innovation Directorate, directly reporting to the General Manager, oversees the innovation operations management. An environment capable of assessing and implementing innovative ideas systematically is established within the company while innovative ideas are encouraged. In addition to internal R&D resources of the company, technology development studies are conducted in collaboration with universities and research organizations as well as cooperation with an R&D Advisory Board composed of reputable academics and entrepreneurs.

Innovation Directorate undertakes “Internal Entrepreneurship” program in order to encourage employees to devise innovative business models and different products besides helping the company establish a culture of innovation within. As part of the program, employees from diverse disciplines form project teams to propose innovative business models and products that are then assessed by advisers as funding targets. So far 65 employees participated in this program, working on 13 different projects. During the reporting period, 869 people received 24,052 hours of training in an effort to create an awareness of innovation and support a number of project studies.

“Invention Day” has been celebrated annually for the past 15 years to promote a culture of innovation across the company. The event rewards creative ideas and inventions, with 413 people awarded during the reporting period. “Running to the Top” is a similar practice that allows identification of the most ingenious employees. During the reporting period, 548 projects were assessed in five categories and 32 projects were awarded.

Innovation and Cooperation

In the light of the open innovation principles set in the R&D mission statement for Arçelik A.Ş., the company continues to strengthen and expand its networks for collaboration. During the reporting period, the company has opened an R&D center in the UK, one of the leading countries for R&D, and has thus taken a very important step towards expanding its global R&D vision. Managed by Cambridge University’s Trinity College and known for being the very first Science Park of the UK, Cambridge Science Park hosts Arçelik A.Ş. R&D Center focused on software design, new materials, advanced production technologies. Arçelik A.Ş. is a member of the Cambridge University Strategic Technology and Innovation Management (STIM) Consortium too and seeks to strengthen its collaboration network launched with the prestigious British universities through the R&D Office and makes this kind cooperation available throughout the UK.

During the reporting period, Arçelik A.Ş. has become a member of the Massachusetts Institute of Technology (MIT) Media Lab and has thus managed to enjoy access to anti-disciplinary, human-oriented, radical innovation projects.

Arçelik A.Ş. remains as the company with the highest number of projects undertaken in the Turkish private sector with 12 projects implemented within the scope of the 7th Framework Program. The company maintained its leadership in this regard, thanks to the 4 projects accepted to Horizon 2020 program during the reporting period, increasing the total number of projects accepted to the program 6. More than 400 universities, research institutes, companies from over

20 countries participate in the program. Within the scope of the program, projects from diverse areas such as nanotechnology, innovative material technologies, home entertainment system, factories of the future, the internet of the future, cold food chain and logistics are carried out. The company enjoys a pioneering position thanks to 9 on-going Eureka projects on top of the new applications that await the assessment outcomes.

Arçelik A.Ş. is among the premier members of the AllSeen Alliance composed of the leading global technology companies seeking to ensure safe operation of billions of devices, services and applications together from different sectors.

During the reporting period, Koç University – Arçelik Research Center for Creative Industries (KUAR) was started to contribute to the research to enhance international competitive power of the creative industries in Turkey. Featuring workshops that amount to as much as 1,000 m², KUAR provides specialists and researcher faculty members to conduct applied development research and enables them to work in collaboration with the other units of the university on subjects such as concept development, feasibility studies and technology transfer. During the reporting period, two full text papers were accepted to the ACM CHI 2016, one of the most influential conferences on Human Machine Interaction (HMI), to be held in Silicon Valley.

With a view to getting the young generations of Turkey to be filled with entrepreneurship spirit and innovation, Arçelik A.Ş. has sponsored the New Ideas New Businesses (YFYI) Project Contest held by Middle East Technical University (METU) Technopolis. The contest is organized under two main headings: YFYI IDEA is open to anyone with an idea for a new business, and YFYI PRO, which start-ups between 0 and 3 years old are eligible to enter. The contest final was organized for 5 December, 2015, in METU Cultural Convention Center.



Responsible Purchasing

Arçelik A.Ş. benefits from dynamic organization structure and active governance instruments with a view to maintaining corporate culture, values and understanding of sustainability throughout the entire global purchasing organization and acts responsibly during the purchasing operations. Shaped according to the global needs and the expanding production network of the Company, 'Arçelik A.Ş. Purchasing' operates with 190 staff located at the purchase offices in six countries. Led by Arçelik A.Ş. Purchasing, risk management operations, transparent supplier communications, supplier audits that involve sustainability titles and local supply practices ensure the sustainability of purchasing operations.

Arçelik A.Ş. Purchasing is responsible for managing the supply resources in a way to meet the customer requests, to provide lasting competitive advantage and create value for Arçelik A.Ş. From volatility in raw material prices to economic parameter changes on local as well as global basis and amendments to the customs regulations, the unit monitors all the elements that could have an impact on the costs in an active fashion and ensures that the most competitive supply conditions are established.

In 2014, Arçelik A.Ş. Purchasing Directorate was assessed according to 110 different criteria in the main groups of "Leadership and Organization", "Strategy", "People", "Process and Systems", "Performance Evaluation and Management" and won the right to receive the Chartered Institute of Purchasing & Supply (CIPS) Corporate Certificate that has so far has been given to only approximately 130 companies in the world.

In 2005, Arçelik A.Ş. was among the first companies to sign the Corporate Social Responsibility Code of Conduct issued by the European Committee of Domestic Equipment Manufacturers (CECED). Arçelik A.Ş. is also affiliated with the Koç Group, a signatory to the UN Global Compact, and a member of the Ethics & Reputation Society. Within the framework of these responsibilities, Arçelik A.Ş. Responsible Purchasing Policy has been created during the reporting period and is available to the suppliers and stakeholders, to be viewed on the Arçelik Supplier Portal (www.supplier.arcelik.com) in addition to the corporate website of Arçelik A.Ş. (www.arcelikas.com/page/866/Is_Etigi). Moreover, an informative circular note has been sent to all our suppliers and Arçelik A.Ş. employees on this matter.

As far as all contracts signed with the suppliers are concerned, environmental and business ethics conditions are stated with a reference to the corporate policy. In line with the corporate policy, the suppliers receive training on compliance with the Arçelik Code of Business Conduct for Suppliers to identify corrective/preventive actions for their nonconformities while the improvements made are monitored through follow-up audits. Arçelik A.Ş. has the right to terminate the contract with any supplier or ask the supplier to terminate the contract with its employees that violate the laws or act in ways that conflicts with the laws.

Our stakeholders could notify the Purchasing unit on suspicious acts or violations of usiness conduct on part of our suppliers via purchasing@arcelik.com or by calling the numbers on the Arçelik A.Ş. corporate website (www.arcelikas.com/page/866/Is_Etigi). The identities of people that report these suspicious acts or violations are kept confidential while no tolerance is shown against possible punishments or retaliations towards these people.

In an effort to ensure a more active communication for its expectations from suppliers regarding sustainability issues, Arçelik A.Ş. has a business conduct e-learning program. Available both in Turkish and English, the program can be viewed at <http://www.arcelikas.com/UserFiles/file/SatinAlmaEgitim/7880/7880/start.htm> and <http://www.arcelikas.com/UserFiles/file/SatinAlmaEgitim/8070/8070/start.htm>.

Acting as the key reference for Arçelik A.Ş. to maintain its responsibility approach for dealing with issues such as bribery, corruption, forced labour, child labour and discrimination throughout the value chain, the Code of Conduct for Suppliers features our expectations from suppliers under the main titles including legal practices, working conditions, codes of conduct, occupational health, safety and environment. Following the pilot practice launched in 2014, 30 suppliers in total (15 from Turkey and 15 from international operations) were audited for codes of conduct and occupational safety in 2015. The audits featured SEDEX audit standards. Audit assessments were based on the risk assessments of our expectations from the suppliers while a mutual understanding was reached with the suppliers regarding the nonconformities identified at the end of the audits.

As a result of the audits, 347 areas open for improvement were identified while follow-up audits were conducted for 16 suppliers under the light of the critical improvements defined. The areas open for improvement focused mainly on fire prevention measures and fire exits, measures for employee health and working hours while 73% of the nonconformities were dealt with by the suppliers after the follow-up audits. The audits that involve codes of conduct and occupational safety will continue in 2016.

All companies introduced for the first time go through self-evaluations for Quality, Environment, and Codes of Conduct. In 2015, 190 companies were introduced in total. Moreover, Environmental, Occupational Health and Safety and Codes of Conduct issues are evaluated within the quality audits of our current companies. In 2015 quality audits were held for 299 suppliers.

Supplier Business Transparency Project (BTP) Program

During the reporting period, Arçelik A.Ş. participated in the Business Transparency Project (BTP) program launched by the Global Reporting Initiative GRI to maintain sustainability reporting for the entire supply chains of the companies. The program seeks to enhance the corporate sustainability performances of the organizations that operate within the supply chain, build up their capacity for the main producers to meet their expectations regarding the matter and to reach a sufficient level to issue sustainability reporting practices. The visibility of the companies that adopt the reporting practice is increased in an effort to encourage the practice. Funded by the European Commission and the Swedish Government, the program provides training, workshops and consultancy services composed of 14 steps within a year for 14 Arçelik A.Ş. suppliers. Arçelik A.Ş. seeks to ensure that these suppliers complete their sustainability reports in 2016.



Arçelik A.Ş. undertakes various supplier development studies with a view to create an active supplier portfolio that focuses on the main competition elements besides minimizing the production and operational cycle times. Practices maintained by Arçelik A.Ş. Sub-Industry Development Department such as supplier visits, supplier trainings and joint-projects undertaken with suppliers accompany the development of the suppliers while forming collaborations that are based on mutual trust, common goal understandings so that mutual benefits could be enjoyed.

During the reporting period, Arçelik A.Ş. has continued its studies to improve the infrastructures and technical competencies of the suppliers and has paid 1,050 support visits to its suppliers in total. Within the scope of the supplier trainings, which account for one of the most important aspects of supplier development studies, 40 suppliers have received trainings regarding issues such as Gage R&R, SMED, process competence, time study, government incentives, energy efficiency, quality and efficiency in production. As a result, 1,072 man*hour of training level has been reached in total.

Efficiency projects implemented within the scope of the supplier development studies, the quality performance of the suppliers has improved. During the reporting period, 150 projects have been undertaken with 95 suppliers and efficiency improvements have been achieved. Within the scope of the supplier awarding system, which remains as one of the most important aspects of performance-based sub-industry management, 10 suppliers have received performance awards and one supplier has received a special award.



At Arçelik A.Ş., end products are outsourced in addition to raw material and material purchases. With practices led by Product Sourcing Directorate, related suppliers' compliance with Arçelik A.Ş. sustainability criteria. Directorate addresses conditions regarding environment and business ethics in each contract with the suppliers, and carry out audits that evaluate suppliers' performance in these areas. With Supplier Development Team Leadership, which is formed during the reporting period by the Directorate, it is aimed to conduct supplier development studies that target competitive supplier conditions, to form partnerships based on common objectives and to reduce suppliers' environmental impacts through developing their product competences.

As part of the communication practices, Sales Executives visit Authorized Dealers once a month, and Regional Sales Managers visit them once every two months. With the regional dealer communication groups, Arçelik A.Ş. employees and dealers are brought together; the experiences of dealers in the field are listened and retail practices are discussed. Regional dealer meetings are organized with the participation of Arçelik A.Ş. representatives from management and directory level. At the meetings, wishes, demands and need of dealers are listened, while information is provided to them regarding company vision, current economic conditions and opportunities.

Distribution and Authorized Dealer Network

Arçelik A.Ş. reaches its consumers through a total of 2,863 authorized dealers in all 81 provinces throughout Turkey and looks for ways to consistently develop its distribution and authorized dealer processes, which constitute one the main pillars of consumer satisfaction. The company continuously enhances the knowledge, skills and competences of its distribution and authorized dealer network through training and development practices focusing on distribution optimization and dealer network activity. Arçelik A.Ş. improves its performance in this area by acquiring feedbacks through active communication mechanisms.

In order for Arçelik A.Ş. dealers to work efficiently and to increase overall success, all campaigns, product promotions and briefings are announced through circulars, livestreams, and/or dealer notes, while sales teams conduct on-the-spot controls.

As of 2016, the Retail Development Academy will begin its activities. The institution was designed in parallel with Arçelik A.Ş.'s development strategy and segment-based dealer needs, and will take advantage of in-class and digital educational methods and tools.

Employees are brought together for motivational activities at "Authorized Dealers Meetings". Furthermore, successful store employees are recognized and rewarded through 'Bizbize' motivation platform. Successful dealers come together with company senior management in the annual "Top 10 Dealers" award ceremony.

Responsible Supply Chain

Regarding minimizing its environmental and social impact as one of the most important aspects of sustainable growth, Arçelik A.Ş. makes great effort to implement this approach throughout all the stages of the value chain. In that respect, some of the practices implemented by the company for storage, distribution and export operations are as follows:

Identifying climate change as the fundamental risk towards the sustainable future of the world and the company, Arçelik A.Ş. has been calculating its greenhouse gas emissions emitted by production operations within the scope of the product-life cycle since 2010 in an effort to manage the risks caused and opportunities offered from climate change. In 2013, Arçelik A.Ş. launched intensive studies as part of its expanded manufacturer responsibility in the fight against climate change and implemented "Scope 3 Emission Calculations (Logistics) Project". The project, started to calculate the greenhouse gas emissions emitted by product logistics operations within Turkey, continued in 2015. The relevant data from 2014 has been audited and verified at the level of "limited assurance" within the scope of the ISO 14064-1 Greenhouse Gas Emission Calculation and Reporting Standards by an independent, accredited party.

Dynamic Routing practice has continued during the reporting period, with both greenhouse gas emissions and costs reduced through high vehicle fill rates and optimized route planning.

In the same period, the steady increase in the use of maritime transport for exports has continued and reached 82%. Transportation between plants and ports previously conducted by land roads has been replaced by railway use where possible, further reducing emissions.

As the first company to obtain the ISO 28000 Supply Chain Security Management System Certificate accredited in Turkey for the finished product storage and transportation processes for exports, Arçelik A.Ş. has passed the follow up audits conducted on the Çayirova Supply Chain Center, Ankara, Beylikdüzü, Bolu, Çayirova, Çerkezköy, Eskişehir, Pelitli Product Warehouses and the related campuses, therefore getting the right to keep the certificate. The studies conducted within the framework of the certificate have made international transports safer against illegal interventions besides developing security measures for employees, products and brands as well as taking important steps for the sake of supply chain sustainability.

As part of the "Common Dealer Warehouses" practice that seeks to reduce environmental impact by minimizing the distance covered during product transportation, Common Dealer Warehouses have been opened in Eskişehir and Gaziantep during the reporting period. The

total number of these common warehouses, which also ensure faster and higher quality services for customers, has reached 12.

In 2015 the total number of LPG forklifts used actively in Supply Chain Directorate Plant and Domestic Distribution Warehouses was decreased by 28% and electric forklifts were introduced, therefore the relevant emission rates were reduced.

"Automatic Loading and Unloading" system, which is set between the operation and distribution warehouses and shortens loading and unloading times hence shortens delivery times has been continued to be made widespread during reporting period. Automatic Loading Unloading system has been introduced to reduce the product transfer cycle duration and reduce costs between Bolu Plant Production Warehouse and Distribution Warehouse. Significant improvements have been made to logistics costs by shortening of the cycle duration.

In the scope of "İstanbul Anatolia Consolidation Project" that brings 85,000 m² of total storage area from various parts of İstanbul under a single campus;

- Equipment and personnel efficiency will be increased,
- Mixed product loading optimization will be achieved when delivering products to customers abroad,
- Customer satisfaction will be increased thanks to decline for lead time required,
- Vehicle occupation rates will be optimized and environmental impact will be reduced,
- Within warehouse maintenance, technical support and revaluation operations will take place at a single site to deliver faster service and cost advantages. It is planned that the campus will start operating in 2016 following the completion of construction and relocation.

After Sales

Arçelik A.Ş. seeks to constantly improve authorized service and call center services performances, therefore increasing customer and consumer satisfaction levels. As the largest service network in Turkey, Arçelik A.Ş. Authorized Service Network provides approximately over 13 million service runs annually through 536 authorized service shops answering to 10 regional managements with 11,700 staff (5,500 of whom are technical staff members) and a fleet of 5,700 vehicle. Implementing communication practices that lead the durable house goods sector and providing international services, Arçelik Call Center acts in line with its strategy to be present in all areas consumers are active including online sales and social media applications and completes 5 million operations annually with 330 staff.

Serving under the Consumer Services Directorate, Arçelik A.Ş. authorized service shops have tactful, experienced staff with the necessary technical infrastructure and equipment and who have received all the necessary trainings and that comply with the related clothing, hygiene norms. The staff are inspected at regular intervals and customer satisfaction is measured through surveys held after the service provisions while the related corrective and preventive actions are taken according to the feedback received. Quality and widespread presence in after sales service processes have a positive impact on the market recognition and share of Arçelik A.Ş. brands.

After sales service processes of Arçelik A.Ş. are certified through "ISO 10002 Customer Satisfaction Quality Management System Certificate".

During the reporting period, mobile automation used by the after sales services in the field has been developed further and tablet device system has been introduced so that the authorized service technicians could reach any information they might require at the homes of the consumers instantly and in an uninterrupted fashion. Thanks to this practice, authorized service staff have increased their power to provide the right services at once while enjoying increase in service quality and customer satisfaction.

Arçelik A.Ş. authorized service staff are trained by the Technical Services and Training Management under Consumer Services and are certified accordingly. During the reporting period, 310,000 man*hour trainings have been provided for the technical staff assigned to operations in Turkey and abroad. In the same period, training modules focused on measuring were introduced while distant learning activities were speeded up. Consumer Services unit has been restructured to undertake all the technical support and training activities in the countries our products are sold throughout the world while an "International Academy" has been launched as part of the Central Academy to undertake service staff trainings abroad. During the reporting period, technical trainings have been given in 49 countries while 20,000 model products sold in Turkey and 40,000 model products sold abroad have been provided with technical support.

Providing superior level services for consumers 7/24, Arçelik Call Center ensures the channelling of the suggestions and criticism received to the related units in an effort to contribute to the manufacturing of new products. Boasting a technological infrastructure surpassing its competitors, the center deals with consumer requests not only received through modern communication channels such as telephone calls and e-mails but also traditional channels such as faxes and letters. As of the reporting

period, Arçelik Call Center Management has also taken on the responsibility for online sales and social media communication processes.

Launched in 1991, Arçelik Call Center began to provide all the pre-sale and after sales call center services of our brands sold in Germany and Austria from its HQ in Turkey as of 2008 while expanding its call center service network for abroad and therefore advancing further on its goal to turn into an international call center. Conducted by Arçelik A.Ş. Call Center, "Home Agent" project has not only created new jobs for disabled young people but has also given a new system for the staff that prefer to work from home.

Customer Satisfaction Survey

Using the results from the practice as important input to identify performance evaluation and business goals, Arçelik A.Ş. organizes Customer Satisfaction Survey annually and regards it as one of the most significant stakeholder communication mechanisms. The company's performance regarding the practice that provides views from customers on their general satisfaction levels, tendency to recommend others, tendency to repurchase etc. has constantly been improved. During the reporting period, in a survey held among 13,828 consumers that have bought Arçelik and Beko brand white goods, air conditioners and TV product groups in the last two years, the satisfaction score enjoyed in these product groups has turned out to be higher than the sector average.

Customer Information Security

Arçelik A.Ş. ensures the security of customer and consumer data through practices conducted in line with the ISO 27001 Information Security Management System standards. Continuously enhancing its technological infrastructure in the light of technological developments, the company constantly improves its performance in that respect through audits and risk analyses conducted regularly. The data about the customers are kept in data bases located in system rooms complying with the A type standards and only those that pass through card and retina scans are allowed in these rooms supervised by the staff 7/24. The data are backed up at periodic intervals in case of natural disasters and any other unexpected developments. During the reporting period, blue and white collar employees working for the operations in Turkey have received information security awareness trainings within the scope of ISO 27001 certificate.

Social Development



The vision of leaving a better world to future generations is the primary element that shapes the corporate vision, culture, values and ethical principles of Arçelik A.Ş. In this regard, Arçelik A.Ş. supports the direct and indirect positive economic impact it creates within its operational geography with project and support activities it develops in social, cultural and environmental areas.

The social volunteerism approach is among the most important core values of Arçelik A.Ş. The sustainability of the corporate social responsibility projects, designed for the development of social standards and solution of problems in light of the corporate values and culture of Arçelik A.Ş., is ensured through local involvement and the contribution of volunteers encompassing all elements of the stakeholder network.

- √ We provided training for 446 students and 59 teachers from 9 vocational high schools as part of the Electrical Household Appliances Technical Training Program - Arçelik Laboratories.
- √ We provided social gender equality seminars to 38 volunteering Arçelik A.Ş. employees, who will be training all Arçelik A.Ş. organization within the scope of “For My Country I Support Social Gender Equality” project.
- √ A total of 876 employees provided volunteer support for 6 project.



Social Projects And Support Activities

Electrical Household Appliances Technical Training Program – Arçelik Laboratories – Turkey

The "Electrical Household Appliances Technical Training Program", was developed by Arçelik A.Ş. in order to consolidate the relation between vocational training and employment, seeks to train the technical manpower aware of developments and new technologies in the electrical household appliances industry in Turkey. Arçelik A.Ş., which focuses on activities in the area of education in order to realize its understanding of social development with the highest added value, has actualized a sector-specific practice with the program and realized a first in Turkey in the branch of Electrical Household Appliances Technical Service Personnel. It is aimed for students to achieve the level where they can work as technicians in the white goods and air conditioner product groups, with the knowledge they will acquire at Arçelik Laboratories.

As part of the program, Arçelik Laboratories equipped with advanced measuring instruments and devices based on new technologies in the branch of electrical household appliances technical service were established in a total of 9 schools in Istanbul, Diyarbakir, Trabzon, Izmir, Ankara, Bursa and Bitlis between the years 2011 and 2014; 115 students graduated in 2013, 112 in 2014 and 252 students graduated in 2015. In the current school year, a total of 446 students, of which 230 11th grade and 216 12th grade students, are enrolled in these departments. 59 teachers at Arçelik Electric Household Appliances Technical Service Branch departments have been provided with a total of 19,200 man*hour of technical training at Arçelik Academy, since 2011.

I Support Gender Equality For My Country – Turkey

Arçelik A.Ş. provides voluntary support to For My Country projects developed by Koç Group, of which it is a part. These projects promote joint action towards lasting solutions to social problems in an environment of global citizenship. The For My Country I Support Social Gender Equality scheme raises awareness among society of the causes and consequences of gender inequality, and provides the theme for projects between 2015 and 2017. It intends to set an example with its egalitarian, integrative approach in business culture and social life.



• HeForShe Campaign

In December 2014, UN Women started the HeForShe solidarity movement, calling men of all ages around the world to become advocates and agents of change for social gender equality and women's rights. Arçelik A.Ş. maintains its support for HeForShe campaign, for which Koç Group is the main sponsor in Turkey, at the highest level with all its employees, dealers and authorized services. As part of the project, various communication studies were conducted in order to induce change within the company. Company, authorized dealer and service staff had their photos taken in front of HeForShe boards and banners that contained campaign messages, and men were invited to become advocates and supporters of change and share the photos on the social media.

• G(irls) 20 Summit

Arçelik A.Ş. attended the G(irls)20 Summit organized within the scope of "For My Country I Support Social Gender Equality" project, in Istanbul on October 5-6, 2015, to emphasize the strategic significance of the increase in the women labor force for attaining global economic targets. Arçelik A.Ş. General Manager Hakan Bulgurlu, among the speakers at the "Men Champions of Change" panel on behalf of Koç Holding, emphasized the commitment of Arçelik A.Ş. to providing support in this area.

Arçelik A.Ş. develops practices to bring young women into the business world and consolidate their presence there. Young women have been prioritized for internship programs, the proportion of female employees among new recruits has increased, and significant increases in the number of women at senior levels are expected. Projects supporting women to achieve work-life balance have been implemented, and continuous training provided to contribute to their career planning.

• Information Seminars for Employees

As part of the practice implemented within the context of "For My Country I Support Social Gender Equality" project in cooperation with AÇEV, awareness raising and social gender equality themed "Knowledge Mill" seminars were offered to volunteer company ambassadors. It was intended for 38 volunteers who would later qualify to become trainers and organize seminars for all company employees. Awareness seminars devoted to employees continue on eight campuses in Turkey. Within the context of the project, information seminars devoted to Company executives were organized in cooperation with KOÇ-KAM and UNESCO.



• Volunteer Dealer Trainings

During the reporting period, information trainings were provided to 40 Arçelik A.Ş. authorized dealers, who later became volunteer ambassadors for “For My Country I Support Social Gender Equality” project, in cooperation with Turkish Family Health and Planning Foundation (TAPV). In the first stage of the training, participants were provided information regarding the project; pilot project suggestions were discussed at the workshop held in the second stage. It is expected that volunteer dealers develop solutions to local problems and become advocates for increasing stakeholder engagement after undergoing basic trainings, in order to be considered spokesperson on the subject of “Social Gender Equality”. It is anticipated that volunteer ambassadors will organize TAPV seminars and implement projects in cooperation with local institutions and in accordance with needs of their regions.

No Barriers For My Country – Turkey

Arçelik A.Ş. provided support for the “Management of Sign Language Teacher Trainings” project realized in 2014 in cooperation with the Association for the Hearing Impaired and Their Families (IED), Boğaziçi University and Koç Group in order to increase the number of sign language teachers, which is very limited in Turkey. The Company maintained its support over the reporting period, participated in the sign language training, part of which was realized

in 2015, with its volunteer employees. Company employees volunteered to attend the training seminar, and one Arçelik employee who had qualified to become a sign language teacher in 2015 also contributed as a trainee teacher.

Arçelik A.Ş. Search and Rescue Team – Turkey

Arçelik A.Ş. Search and Rescue Team consists of trained and experienced teams in this area and volunteer Arçelik A.Ş. personnel intent on delivering fast and accurate service to anyone in need, in cases of natural disasters, emergency and extraordinary situations. The team, also a prominent member of Koç Holding Search and Rescue Team, is in the first ranks of the list of non-governmental organizations to be officially asked for support by the Disaster and Emergency Management Authority (AFAD) in cases of probable disasters.

During the reporting period, the Search and Rescue Teams in Çerkezköy, Eskişehir and Sütluçe campuses successfully completed their second level trainings coordinated by the Disaster and Emergency Authority. The 13-person volunteer group, formed of Arçelik Authorized Dealer employees, was provided with Basic Disaster Awareness Training and Light Search and Rescue Training by the Arçelik Search and Rescue Team and Koç Search and Rescue Team trainers.



International Support Activities

Arçelik A.Ş. supports its direct and indirect positive economic impact made by its production facilities, sales and marketing offices in its wide operational geography with various social responsibility projects and support activities contributing to social development in the areas of education, health, environment and sports.

Arctic – Romania

Arctic, one the largest employers in Romania, conducts projects in the area of education to accompany the country's social development. The company carried out projects to transfer its accumulated technological knowledge to younger generations in order to support the education system and best practices, during the reporting period.

• First Cooling Systems Class – Gaesti

In the reporting period, Arctic provided technical and educational material and training support in the area of research and development to several high schools and universities, established a Cooling System Operator Class at Gaesti Industrial Vocational High School, where twenty-five students undergo training every year.

• APPMathon Technology Competition

Arctic has been organizing student competitions since 2007 under names such as “Be creative for future design,” and “I Love My Future,” and organized a day program named “App Mathon” in 2015. As part of the most recent endeavor, students worked to develop smart sensors and applications over the course of one day. Among the outstanding ideas generated by the program were a fresh air stream applied when the refrigerator door is opened, sensors that detect the expiry dates of products and remote control of the refrigerator door.

• Open Doors Activity

As part of ‘Open Doors’ organized to support university students in their career journey, students visit the plant, informed regarding the vision and corporate culture of Arctic and participate in creative workshops and competitions about the consumer durables industry. Within the scope of the training work carried out for local primary and high schools, 150 students visited the plant during the reporting period.



• Support for Gaesti Hospital

Arctic considers supporting local institutions as a significant part of its corporate social responsibility understanding, and so Gaesti Hospital, which serves the residents of 16 districts in the region, is provided with appliances free for charge. Arctic donated refrigerators, washing machines, dishwashers and dryers to the hospital during the period, has thereby contributed to the renovation of the hospital ensuring residents of the region are offered better quality service with improvements in hygiene conditions.

• Environmentally Friendly Campaign

The activity of the campaign, which was started in 2012 for protecting natural resources, reducing energy consumption and waste generation, was increased during the reporting period.

• Historical Heritage Preservation Vila Project Protocol

Arctic attaches great importance to the preservation of historical and cultural heritage, and therefore has supported restorations in historical parts of Gaesti, where the plant is located. These restorations have increased the social and cultural value of the region.

Defy – South Africa

• AmaZulu Community Trust

Defy supports the AmaZulu Community Trust, established in 2009 to improve communities in South Africa using the power of football, through the scholarship program it conducts. Defy, who has been supporting the trust that uses football as a means for enrolling in life skills programs, HIV/AIDS trainings and implementing incentives since 2009, provided scholarships for 2 students in the reporting period, allowing them to receive education in the best schools of the region without any charges.



• Focus on the Family

Defy became the sponsor for the “No Apologies” program which encourages young people to make the right choices in life by changing their way of thinking and behaviors, and has a budget of approximately 1,000,000 Rand. Defy has reached approximately 4,590 children through this program.

• Cheshire Homes

Defy supports Cheshire Homes that was established to help disabled individuals go about their daily lives comfortably. Institution personnel work to create a warm and natural environment for individuals disabled due to reasons such as accident, disease, congenital anomalies, so they can become self-sufficient so far as possible, meet their basic needs and continue their treatment. Defy donated household appliances to four homes owned by the institution, during the reporting period.

Beko – China

Beko donated 20 washing machines to families in need in Changzhou in cooperation with Yi Jia Yi, one of the leading charity organizations of China.

Beko – Russia

LLC, Beko's Russia operation, is undertaking a series of social practices to contribute to the development of the town of Kirzhach –Vladimir Region, where its production plant is located. As part of the activity realized every year for the afforestation of the region, named “Green Saturday”, a tree planting organization is realized within the plant limits with the participation of employees and their families. In 2015, it was continued to make a donation to “Children Heart”, a solidarity fund, instead of getting Christmas presents for business partners; thereby supporting children with serious heart problems which are in need of immediate surgical treatment. Business partners were informed of the donations to this fund with special New Year's cards.



Beko – Poland

• The Noble Box Project

Beko has been supporting “SZLACHETNA PACZKA / The Noble Box Project” founded in order to give hope to poor families by providing them with direct support especially around Christmas time, for the last ten 10 years. With the project conducted by SPRING Association, which was founded as a non-profit and works to help out families experiencing financial difficulties around the new year period, families in need are brought together with donors and volunteers. For the project, Beko employees selected two families and gave them refrigerators, irons, toys, clothes, school equipment and many household appliances to meet their daily needs.

• Social Welfare Home

Beko supports Social Welfare Home, an institution helping poor families with various products. In addition to the support provided by Beko as a company, employees donate clothes, toys, books and equipment they no longer use to contribute to Social Welfare Home. Rather than being a once-off activity, these donations are made to and then distributed by the organization throughout the year.

• Cooperation with McDonalds Foundation

Beko supports the “A Home Out of Home” project, conducted by McDonalds Foundation for children being treated at hospitals and their families, with washing machine donations. The space constituted within the context of the project allows the families of children receiving treatment to lodge near the hospital and therefore be by their children’s side. In the reporting period, refrigerators and microwave ovens were also donated to a hospital built for children in Warsaw.



Arçelik A.Ş. and Sports

Arçelik A.Ş. contributes to the development of sports in its operational geography and aims to reinforce the reputation of its brands through sponsorship with its brands Beko and Grundig. Beko believes that sports, which represent values matching its dynamic and energetic structure, play a significant role in the development of the youth. In this regard, Beko support social development through sports and adds new ones to its investments in this area with each passing day.

Following the “Presenting Sponsorships” for 2009 European Basketball Championship – Poland, 2010 FIBA World Basketball Championship – Turkey, 2011 European Basketball Championship – Lithuania, 2013 European Basketball Championship – Slovenia and 2014 FIBA World Basketball Championship – Spain, In 2015, Beko became the “Presenting Sponsor” for the European Basketball Championship co-held by France, Croatia, Germany and Latvia.

Beko – FC Barcelona – Spain

Beko became the sponsor for FC Barcelona with an agreement signed on June 30, 2014 at Barcelona Camp Nou Stadium. By means of this sponsorship agreement that brings together two global brands, the Beko logo will be placed on the left arm of FC Barcelona jerseys and the back of training kits for 4 years.

Beko - Beşiktaş Professional Football A Team – Turkey

Beko, who was the sponsor for Beşiktaş Gymnastics Club between 1988 and 2004, once again became the Back Sponsor for Beşiktaş Professional Football A Team, as part of the sponsorship agreement signed as of the start of the 2014-15 season



Beko Basketball Bundesliga – Germany

The German Basketball League, one of Europe's most prominent basketball leagues, is realized under the name "Beko Basketball Bundesliga" with Beko's name sponsorship since the 2009-2010 season.

Beko Basketball League – Italy

In 2012, Beko also assumed the name sponsorship for the Italian Basketball League. Since the 2012-2013 basketball season when the sponsorship started, the Italian Premier Basketball League is realized under the name "Beko Lega Basket Serie A".

Contribution to Sports from Grundig – Germany, Norway, Turkey

Grundig maintained its position as the "Official Technology Partner of Bundesliga" in the reporting period. The Grundig logo has been a permanently visible item on all Bundesliga and Bundesliga 2 broadcasts since the 2012-13 season. The brand has also named the Norwegian Women's and Men's Handball League. Also in the reporting period, Grundig continued its sponsorship for Fenerbahçe Women's Volleyball Team in Turkey.

Contribution to Sports from Beko – Poland

Beko became the name sponsor for Beko Elk Triathlon, which is a part of the 26th Olympic Distance Poland Championship that bears qualification for the European Clubs championship ETU, for the third time in the reporting period. Beko Poland, who chooses to sponsor diverse athletic activities, provides support for children's football teams such as Gwarek Wieliczka, Górnik Wieliczka, swimming teams such as Warsaw Master Team and Speedway drivers such as Pawel Przedpelski, swimmers such as Sebastian Karas, who crossed the English Channel swimming, and dance tournaments such as Beko Dance Cup.

Awards and Achievements in 2015



Environment Awards – Achievements

- Eskişehir Compressor Plant was granted with the “ESO Technology Development” award by Eskişehir Chamber of Industry Technology Awards with the “Eco-Compressor - Most Efficient Refrigerator Compressor Project”.
- Arçelik A.Ş. received the “e-Waste Hero” award at the Istanbul Electric and Electronic Waste Summit, with the two new recycling facilities in Eskişehir and Bolu and its WEEE Management System.
- Beko A++ Dishwasher DIN 5930 was graded as “Gut (Good)” by the German Stiftung Warentest Magazine based on economic, automatic and short program performance as well as usability, safety and noise level.
- Arçelik A.Ş. was granted with the first place in Waste Management Category with its “Leading Company in Waste Electrical and Electronic Equipment (WEEE) Management” project in “Sustainable Business Awards” organized by Sustainability Academy.
- Arçelik A.Ş. won the CDP Turkey 2015 Carbon Disclosure Leadership Award.
- Beko was the first household appliances brand to be awarded with the “Green Brands” quality award in Germany.
- Arçelik A.Ş. attended the United Nations Paris Climate Conference (COP21) as a speaker and signed the “Paris Pledge for Action” organized by University of Cambridge Institute for Sustainability Leadership.
- Arçelik A.Ş. made a commitment in the field of “responsible corporate engagement in climate policy” within the scope of “Road to Paris 2015 Project” initiated by CDP for United Nations Paris Climate Conference (COP21).
- Within the scope of European Union Environment Awards Turkey 2015 Program, the Compressor Plant was granted with the first place in products/services category with Eco-Compressor - Most Efficient Refrigerator Compressor Project and the Dishwasher Plant was named among the finalists in the process category with “Zero Phosphate Slop with Nanotechnological Surface Application” project.

Corporate Awards – Achievements

- Beko was named as the brand which increased its reputation the most in 2014 within the scope of 'The ONE Awards' distributed based on the "Reputation and Brand Value Performance Survey" research made by Marketing Türkiye and Akademetre.
- Çerkezköy Electric Motors Plant received the "Advanced Special Award for TPM Achievement" from JIPM (Japan Institute of Plant Maintenance) as the one and only from the Electric Motors industry and Bolu Cooking Devices Plant received the "Special Award for TPM Achievement".
- Arçelik A.Ş. was granted with 2 IF Design Awards with VUX (Virtual User eXperience) technology and Luminist Cast Oven, a modern and user-friendly cooking system.
- Arçelik A.Ş. was the first Turkish company to be certified with ISO 28000 "Supply Chain Security Management Systems" certificate.
- Arçelik A.Ş. , Beko, Arçelik and Grundig products received two golden, five silver, five bronze and four iron awards from A'Design Awards in Italy.
- Arçelik A.Ş. was recognized as the Turkish Patent League Leader and received the award for the "Company with Highest Number of International Patent Applications".
- Arçelik Telve received the Red Dot "High Quality of Design" award.
- Arçelik A.Ş. was awarded at the UX Design Awards by International Design Center Berlin (IDZ) for VUX (Virtual User eXperience).
- Arçelik A.Ş. was granted with 3 awards with its 2014 Activity Report by ARC Awards, including the "Golden Award" in durable consumer goods sector, as well as the "Honorary Award" for its 2013 Sustainability Report.
- Arçelik was named as Turkey's lovemark in white goods and consumer electronics categories in 2015, as a result of the annual "Turkey's Lovemarks" research by MediaCat and Ipsos.
- Arçelik was awarded in the "Best Technology Manufacturer" category based on the research made by Shopping Center Investors Association (AYD) and BAREM.
- Arçelik A.Ş. was awarded for Telve at the annual Good Design Awards by Chicago Athenaeum Architecture and Design Museum and Metropolitan Arts Press Ltd. Museum.
- Arçelik A.Ş. was granted with "R&D Leadership" and "Leadership in Technology Development" awards within the scope of the 4th Turkey Innovation Week organized by Turkish Exporters' Association.
- Arçelik A.Ş. was the only Turkish finalist in the category of large corporations in the International IMP3rove Innovation Awards.
- Arçelik A.Ş. was one of the 29 companies listed in 2015 Borsa Istanbul Sustainability Index.
- Arçelik A.Ş. was graded with the highest "AAA" grade in its sector by the MSCI (Morgan Stanley Capital International) Global Sustainability Index Series, a leading global index.
- First place award was granted in the category of plants with 500 or more employees by MESS Occupational Health and Safety Awards for the Ergonomic Risk Measurement and Mapping Project implemented at Eskişehir Refrigerator Plant. The Ergonomics Software and Implementation Project implemented at Çayırova Washing Machine Plant was also named among the Recommended Applications.
- Grundig GTA 38261 G Drying Machine and Beko WYA 71483 LE Dishwasher were named "Test Champion (Test Sieger)" by the Stiftung Warentest Consumer Magazine.
- Grundig KM 6330 Programmable Coffee Machine, Grundig HS 6430 Curl Sensation Hairstyler and Grundig, Arçelik and Beko vapor irons were named as "testwinner", Arçelik and Grundig vacuum cleaners were also named as "Sehr Gut – Best Product" by Haus & Garten Test Magazine.
- Grundig Tea Maker TM 8280 was granted with the gold medal in "Perfect Product" and "Best Product" categories in the Germany's leading "Kitchen Innovation of the Year 2015" contest.
- Arçelik was named as Turkey's most coolest small home appliances brand as a result of the research done by Marketing Türkiye Magazine among the young consumers.
- Defy small home appliances was granted by the ASK Africa Icon Brands.
- Grundig, Arçelik and Beko steam irons have surpassed their strong opponents in the comparative product tests held by Haus&Garten, one of the leading test magazines in Germany. Scoring 1.4 points, they have been chosen "Testsieger - Best Product". Within the same grading Grundig and Arçelik vacuum cleaners scored 1.4 points and were evaluated as "Sehr Gut - Very Good Product".

Performance Data

2011 2012 2013 2014 2015

ECONOMIC PERFORMANCE DATA

| | | | | | |
|--|-------|--------|--------|--------|--------|
| Net Sales (Million EURO) | 3,633 | 4,581 | 4,395 | 4,307 | 4,692 |
| By Region ⁽¹⁾ | | | | | |
| Turkey (Million EURO) | 1,712 | 1,933 | 1,828 | 1,669 | 1,896 |
| Europe (Million EURO) | 1,437 | 1,779 | 1,735 | 2,014 | 2,126 |
| Other (Million EURO) | 484 | 869 | 832 | 624 | 670 |
| By Product Group | | | | | |
| White Goods (Million EURO) | 2,394 | 3,072 | 3,096 | 3,121 | 3,411 |
| Consumer Electronics (Million EURO) | 625 | 780 | 636 | 629 | 651 |
| Other (Million EURO) | 614 | 729 | 663 | 557 | 629 |
| Gross Profit (Million EURO) | 1,094 | 1,323 | 1,342 | 1,369 | 1,502 |
| Operating Profit (Million EURO) | 278 | 326 | 338 | 352 | 383 |
| Income Before Tax (Million EURO) | 265 | 270 | 295 | 252 | 260 |
| Net Income (Million EURO) | 233 | 237 | 247 | 220 | 296 |
| Total Assets (Million EURO) | 3,764 | 4,349 | 3,886 | 4,394 | 4,324 |
| Total Current Liabilities (Million EURO) | 1,445 | 1,676 | 1,393 | 1,571 | 1,648 |
| Total Liabilities (Million EURO) | 2,269 | 2,679 | 2,476 | 2,835 | 2,852 |
| Total Equity (Million EURO) | 1,494 | 1,670 | 1,409 | 1,559 | 1,471 |
| Dividends Paid (Million EURO) | 113 | 150 | 160 | 122 | 116 |
| Capital Expenditures (Million EURO) | 157 | 209 | 207 | 159 | 217 |
| Dividend Per Share (EURO) | 0.191 | 0.228 | 0.176 | 0.178 | 0.128 |
| Year-End Share Price (EURO) | 2.50 | 4.98 | 4.14 | 5.32 | 4.40 |
| Year-End Market Value (Million EURO) | 1,692 | 3,362 | 2,796 | 3,593 | 2,971 |
| Corporate Governance Rating | 8.59 | 9.11 | 9.28 | 9.41 | 9.48 |
| Economic Value Generated (Million TL) | 8,927 | 10,991 | 12,005 | 13,231 | 15,454 |
| Revenues (Millions TL) | 8,927 | 10,991 | 12,005 | 13,231 | 15,454 |
| Economic Value Distributed (Million TL) | 8,774 | 10,977 | 11,941 | 13,030 | 15,382 |
| Operating Cost Total (Million TL) | 7,135 | 9,049 | 9,375 | 10,310 | 11,861 |
| Personnel Expenses (Million TL) | 824 | 995 | 1,136 | 1,346 | 1,531 |
| Payments to Providers of Funds (Million TL) | 736 | 844 | 1,355 | 1,283 | 1,865 |
| Payments to Governments as Income Tax (Million TL) | 71 | 82 | 67 | 82 | 115 |
| Community Investments (Million TL) | 8 | 7 | 8 | 9 | 10 |
| Economic Value Retained (Million TL) | 153 | 14 | 64 | 201 | 72 |

2011 2012 2013 2014 2015 2013 2014 2015 2013 2014 2015

ENVIRONMENTAL PERFORMANCE DATA

Arçelik

Arctic

Beko UK

| GHG Emissions (ton CO ₂ e) | 2011 | 2012 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
|---------------------------------------|---------|---------|---------|--------|--------|------|------|--------|------|------|------|
| Direct | 84,254 | 80,072 | 66,685 | 64,888 | 59,363 | - | - | 12,585 | 147 | 148 | 155 |
| Indirect | 88,895 | 99,181 | 74,509 | 22,091 | 18,299 | - | - | 0 | 329 | 663 | 664 |
| Total | 173,149 | 179,253 | 141,194 | 86,979 | 77,662 | - | - | 12,585 | 476 | 811 | 819 |

(1) 2014 figures under Net Sales by Region were updated, due to changes in 2015 regarding reporting systematic.



Performance Data

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
|---|----------------|-----------|-----------|-----------|-----------|---------------|------|---------|--------------------------|-------|-------|
| Energy Consumption (GJ/year) ⁽¹⁾ | Arçelik | | | | | Arctic | | | Beko UK | | |
| Direct | 1,342,757 | 1,217,946 | 1,029,679 | 999,909 | 961,597 | - | - | 207,175 | 2,418 | 2,441 | 2,569 |
| Indirect | 599,173 | 673,652 | 708,461 | 730,710 | 789,496 | - | - | 144,819 | 2,823 | 5,692 | 5,705 |
| Total | 1,941,930 | 1,891,598 | 1,738,140 | 1,730,619 | 1,751,093 | - | - | 351,994 | 5,241 | 8,133 | 8,275 |
| Total Water Withdrawal by Source (m³) | Arçelik | | | | | Arctic | | | Beko UK | | |
| Municipal Water | 1,070,899 | 1,087,334 | 1,087,146 | 1,047,433 | 938,386 | - | - | 0 | - | - | 984 |
| Well Water | 406,583 | 460,196 | 393,289 | 396,568 | 359,305 | - | - | 268,948 | - | - | 0 |
| Rain Water | 0 | 0 | 0 | 1,000 | 500 | - | - | 0 | - | - | 0 |
| Total | 1,477,482 | 1,547,530 | 1,480,435 | 1,445,001 | 1,298,191 | - | - | 268,948 | - | - | 984 |
| Total Water Discharge (m³) | Arçelik | | | | | Arctic | | | Beko UK | | |
| Total Water Discharge | 951,241 | 986,362 | 948,303 | 819,334 | 892,120 | - | - | 161,369 | - | - | - |
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| COD Values of Discharged Water (mg/l) ⁽²⁾ | Arçelik | | | | | Arctic | | | Beko UK | | |
| | | | | | | COD | | | Limit Value ³ | | |
| Cooking Appliances | 39 | 50 | 30 | 11 | 76 | 100 | - | - | - | - | - |
| Dishwasher | 107 | 164 | 48 | 203 | 46 | 1,000 | - | - | - | - | - |
| Electronics | 51 | 45 | <10 | 35 | 126 | 600 | - | - | - | - | - |
| Refrigerator and Compressor | <30 | 19 | <30 | 53 | 80 | 100 | - | - | - | - | - |
| Tumble Dryer | 30 | 200 | 360 | 120 | 338 | 1,000 | - | - | - | - | - |
| Washing Machine | 40 | 130 | 180 | 206 | 90 | 600 | - | - | - | - | - |
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| Environmental Trainings Provided to Employees (person*hour) | Arçelik | | | | | Arctic | | | Beko UK | | |
| Environmental Trainings | 15,904 | 8,412 | 6,242 | 10,311 | 21,497 | - | - | 1,376 | - | - | - |
| Use of Raw Materials and Materials at Product Facilities (ton) | Arçelik | | | | | Arctic | | | Beko UK | | |
| Raw Materials - Plastics | 73,493 | 108,076 | 107,600 | 82,935 | 200,878 | - | - | 17,439 | - | - | - |
| Raw Materials - Metals | 295,863 | 290,929 | 304,061 | 239,209 | 267,509 | - | - | 34,222 | - | - | - |
| Materials ⁽⁴⁾ | 304,404 | 354,080 | 407,147 | 400,544 | 244,077 | - | - | 49,374 | - | - | - |
| Chemicals ⁽⁵⁾ | 7,479 | 8,136 | 74,583 | 79,128 | 79,067 | - | - | 3,984 | - | - | - |
| Total | 681,431 | 761,221 | 893,391 | 801,816 | 791,531 | - | - | 105,019 | - | - | - |
| Wastes by Type (ton) | Arçelik | | | | | Arctic | | | Beko UK | | |
| Hazardous Waste | 2,107 | 2,557 | 2,766 | 3,223 | 3,606 | - | - | 22 | - | - | - |
| Non-Hazardous Waste | 58,276 | 73,025 | 85,645 | 115,715 | 94,298 | - | - | 9,930 | - | - | - |
| Total | 60,383 | 75,582 | 88,411 | 118,938 | 97,904 | - | - | 9,952 | - | - | - |

(1) Consumption values in 2014 were revised in accordance with the external audit held during the reporting period.

(2) As the industrial waste water level generated in Electric Motors Campus is too low, the waste water are disposed in licensed disposal facilities, in accordance with the legal regulations. Campus' domestic waste water are treated in the water treatment facility of the Organized Industry Region, whereby the campus is located.

(3) In Turkish legal regulations, limit values of water discharge varies according to water characteristics and discharge destination. COD: Chemical Oxygen Demand.

(4) Materials which are part of final products, half-processed materials and isolation materials are included in the disclosed figures.

(5) Gums, oils, paints, enamel, operational and other chemicals are included in the disclosed figures. This year, purification chemicals, boiler chemicals, liquid seals, etc. were also included.

Performance Data

2011 2012 2013 2014 2015 2013 2014 2015 2013 2014 2015

SOCIAL PERFORMANCE DATA

| Employee Breakdown by Status ⁽¹⁾ | Arçelik | | | | | Arctic | | | Beko UK | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Blue Collar | 12,454 | 12,567 | 13,025 | 14,259 | 14,969 | 2,142 | 2,148 | 2,369 | 37 | 39 | 39 |
| White Collar | 2,177 | 2,220 | 2,333 | 2,459 | 2,589 | 323 | 320 | 318 | 209 | 244 | 227 |
| Total | 14,631 | 14,787 | 15,358 | 16,718 | 17,558 | 2,465 | 2,468 | 2,687 | 246 | 259 | 266 |
| Employee Breakdown by Contract Type | | | | | | | | | | | |
| Permanent | 13,337 | 13,400 | 14,478 | 14,639 | 15,835 | 2,430 | 2,431 | 2,624 | 235 | 243 | 245 |
| Temporary | 1,294 | 1,387 | 880 | 2,079 | 1,723 | 35 | 37 | 63 | 11 | 16 | 21 |
| Total | 14,631 | 14,787 | 15,358 | 16,718 | 17,558 | 2,465 | 2,468 | 2,687 | 246 | 259 | 266 |
| Employee Breakdown by Gender | | | | | | | | | | | |
| Male | 13,216 | 13,355 | 13,829 | 14,890 | 15,552 | 1,167 | 1,164 | 1,258 | 143 | 151 | 157 |
| Female | 1,415 | 1,432 | 1,529 | 1,828 | 2,006 | 1,298 | 1,304 | 1,429 | 103 | 108 | 109 |
| Total | 14,631 | 14,787 | 15,358 | 16,718 | 17,558 | 2,465 | 2,468 | 2,687 | 246 | 259 | 266 |
| Employee Breakdown by Age | | | | | | | | | | | |
| <30 | 5,157 | 5,314 | 5,004 | 5,872 | 6,260 | 404 | 466 | 510 | 43 | 48 | 55 |
| 30-50 | 9,328 | 9,295 | 10,195 | 10,660 | 11,070 | 1,719 | 1,671 | 1,722 | 141 | 150 | 152 |
| 50< | 146 | 178 | 159 | 186 | 228 | 342 | 331 | 455 | 62 | 61 | 59 |
| Total | 14,631 | 14,787 | 15,358 | 16,718 | 17,558 | 2,465 | 2,468 | 2,687 | 246 | 259 | 266 |
| Employees by Local / Foreign Breakdown | | | | | | | | | | | |
| Local | - | 2 | 11 | 14 | 23 | 2,413 | 2,455 | 2,933 | 245 | 258 | 265 |
| Foreign | - | 14,785 | 15,347 | 16,704 | 17,535 | 6 | 8 | 9 | 1 | 1 | 1 |
| Total | - | 14,787 | 15,358 | 16,718 | 17,558 | 2,465 | 2,468 | 2,687 | 246 | 259 | 266 |
| Average Age by Employee Category | | | | | | | | | | | |
| Top Management | 47 | 46 | 48 | 48 | 47.5 | - | - | - | - | - | - |
| Mid-Management | 44 | 41 | 42 | 42 | 42.2 | - | - | - | - | - | - |
| Experts & Staff | 35 | 34 | 35 | 35 | 33.2 | - | - | - | - | - | - |
| Average Seniority by Employee Category | | | | | | | | | | | |
| Top Management | 16 | 17 | 18 | 16 | 16.6 | - | - | - | - | - | - |
| Mid-Management | 16 | 14 | 15 | 14 | 14.3 | - | - | - | - | - | - |
| Experts & Staff | 9 | 8 | 8 | 8 | 7.4 | - | - | - | - | - | - |
| Employee Trainings (total hours) | | | | | | | | | | | |
| Blue Collar | 220,402 | 232,774 | 228,447 | 362,845 | 340,250 | 28,489 | 32,005 | 70,122 | - | - | - |
| White Collar | 86,341 | 77,570 | 85,595 | 92,456 | 95,304 | 6,460 | 7,296 | 8,014 | - | - | - |
| Total | 306,743 | 310,344 | 314,042 | 455,301 | 435,554 | 34,949 | 39,301 | 78,136 | - | - | 3,516 |
| Senior Management by Local / Foreign Breakdown | | | | | | | | | | | |
| Local | 31 (100%) | 35 (100%) | 35 (100%) | 35 (97%) | 36 (97%) | 11 (61%) | 11 (61%) | 12 (63%) | 54 (98%) | 43 (98%) | 51 (98%) |
| Foreign | 0 (0%) | 0 (0%) | 0 (0%) | 1 (3%) | 1 (3%) | 7 (39%) | 7 (39%) | 7 (37%) | 1 (2%) | 1 (2%) | 1 (2%) |
| Total | 31 (100%) | 35 (100%) | 35 (100%) | 36 (100%) | 37 (100%) | 18 (100%) | 18 (100%) | 19 (100%) | 55 (100%) | 44 (100%) | 52 (100%) |
| Senior Management by Gender (%) | | | | | | | | | | | |
| Female | 10 | 11 | 11 | 11 | 10 | 22 | 22 | 21 | 20 | 25 | 29 |
| Male | 90 | 89 | 89 | 89 | 90 | 78 | 78 | 79 | 80 | 75 | 71 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Employee Turnover (%) | | | | | | | | | | | |
| Employee Turnover (%) | 13.1 | 9.0 | 8.7 | 16.0 | 18.5 | 4.4 | 4.6 | 9.3 | 9.8 | 10.8 | 13.5 |

Performance Data

2011 2012 2013 2014 2015 2013 2014 2015 2013 2014 2015

Employee Turnover by Gender (%)

Arçelik

Arctic

Beko UK

| | | | | | | | | | | | |
|--------|------|------|------|------|------|-----|-----|------|------|------|------|
| Female | 6.9 | 10.1 | 10.8 | 14.1 | 16.7 | 5.5 | 5.2 | 6.7 | 11.7 | 13.0 | 12.8 |
| Male | 14.9 | 8.9 | 8.5 | 16.2 | 18.7 | 3.2 | 3.9 | 12.2 | 8.4 | 9.3 | 14.0 |

Employee Turnover by Age (%)

| | | | | | | | | | | | |
|-------|------|------|------|------|------|---|---|---|---|---|---|
| <30 | 69.0 | 51.0 | 61.9 | 74.0 | 84.2 | - | - | - | - | - | - |
| 30-50 | 28.0 | 47.0 | 34.6 | 24.2 | 36.1 | - | - | - | - | - | - |
| 50< | 2.1 | 3.0 | 3.6 | 1.8 | 1.1 | - | - | - | - | - | - |

OHS Indicators

| | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Accident Frequency Rate (F) ⁽²⁾ | 5.73 | 5.00 | 7.45 | 6.69 | 3.71 | 0.01 | 0.36 | 0.48 | 6.10 | 3.80 | 2.40 |
| Accident Severity Rate (G) ⁽³⁾ | 0.078 | 0.085 | 0.093 | 0.088 | 0.040 | 0.190 | 0.003 | 0.011 | 0.020 | 0.000 | 0.003 |
| Safety Factor ⁽⁴⁾ | 0.448 | 0.426 | 0.690 | 0.592 | 0.148 | 0.002 | 0.001 | 0.005 | 0.122 | 0.000 | 0.007 |

- (1) During the reporting period, 769 employees in Turkey operations, 17 employees in United Kingdom operation and 2 employees in Romania operation were employed on part-time basis.
- (2) Accident Frequency Rate: (F) = (Total number of work accidents / total working hours)*1,000,000
- (3) Accident Severity Rate: (G) = (Total number of workdays lost due to work accidents / total working hours)*1,000
- (4) Safety Factor: (F)*(G)

GRI G4 Content Index | General Standard Disclosures

| Profile Disclosure | Reported in | Page | Notes / Reasons for Omission | External Assurance |
|---|---|-------------------|---|--------------------|
| Strategy and Analysis | | | | |
| G4-1 | Message from the CEO | 4-5 | | Not Assured |
| Organizational Profile | | | | |
| G4-3 | Contact | inside back cover | | Not Assured |
| G4-4 | About Arçelik A.Ş. | 8-9 | | Not Assured |
| G4-5 | Contact | inside back cover | | Not Assured |
| G4-6 | About Arçelik A.Ş. | 8-9 | | Not Assured |
| | About the Report | 2 | | |
| G4-7 | Arçelik A.Ş. Annual Report 2015 | 17 | | Not Assured |
| G4-8 | About Arçelik A.Ş. | 8-9 | | Not Assured |
| G4-9 | About Arçelik A.Ş. | 8-9 | | Not Assured |
| | Social Performance Data | 66-67 | | |
| G4-10 | Arçelik A.Ş. Annual Report 2015 | 14-16, 113-117 | | Not Assured |
| | Social Performance Data | 66-67 | | |
| G4-11 | GRI G4 Content Index | 68 | No significant seasonal variations in employment occur within Arçelik A.Ş. operations. | Not Assured |
| G4-11 | Freedom of Association | 29 | | Not Assured |
| G4-12 | Sustainability Management in Value Chain | 44-51 | | Not Assured |
| G4-13 | Arçelik A.Ş. Annual Report 2015 | 17 | | Not Assured |
| | GRI G4 Content Index | 68 | Detailed information about significant changes during the reporting period can be reached through Investor Relations/ Latest Full Developments section located at www.arcelikas.com . | |
| G4-14 | Risk Management | 11-12 | | Not Assured |
| | Arçelik A.Ş. Annual Report 2015 | 20-23 | | |
| G4-15 | Participation in Sustainability Initiatives | 15 | | Not Assured |
| G4-16 | Dialog with Stakeholders | 16 | | Not Assured |
| Identified Material Aspects and Boundaries | | | | |
| G4-17 | About Arçelik A.Ş. | 8 | | Not Assured |
| | About the Report | 2 | | |
| | Economic Performance Data | 64 | | |
| G4-18 | About the Report | 2 | | Not Assured |
| | Identification of Material Aspects | 14 | | |
| G4-19 | Identification of Material Aspects | 14 | | Not Assured |
| G4-20 | Identification of Material Aspects | 14 | | Not Assured |
| | GRI G4 Content Index | 68 | The titles ticked up in "Production Processes" column address aspects which are material within the organization, while the titles ticked up in "Supply Processes", "Distribution Processes", "Marketing & Sales Processes" and "After Sales Processes" columns address aspects which are material outside of the organization. | |
| G4-21 | Identification of Material Aspects | 14 | | Not Assured |
| | GRI G4 Content Index | 68 | The titles ticked up in "Production Processes" column address aspects which are material within the organization, while the titles ticked up in "Supply Processes", "Distribution Processes", "Marketing & Sales Processes" and "After Sales Processes" columns address aspects which are material outside of the organization. | |
| G4-22 | Economic Performance Data | 64 | | Not Assured |
| | Environmental Performance Data | 65 | | |
| G4-23 | About the Report | 2 | | Not Assured |
| | Identification of Material Aspects | 14 | | |
| Stakeholder Engagement | | | | |
| G4-24 | Dialog with Stakeholders | 16 | | Not Assured |
| G4-25 | Dialog with Stakeholders | 16 | | Not Assured |
| G4-26 | Dialog with Stakeholders | 16 | | Not Assured |
| G4-27 | Employee Communication | 27 | | Not Assured |
| | After Sales | 51 | | |
| | Arçelik A.Ş. Annual Report 2015 | 60-62 | | |
| Report Profile | | | | |
| G4-28 | About the Report | 2 | | Not Assured |
| G4-29 | GRI G4 Content Index | 68 | http://www.arcelikas.com/UserFiles/file/Sustainability%20Report%202014%20New.pdf | Not Assured |
| G4-30 | About the Report | 2 | | Not Assured |
| G4-31 | Contact | inside back cover | | Not Assured |



GRI G4 Content Index | General Standard Disclosures

| Profile Disclosure | Reported in | Page | Notes / Reasons for Omission | External Assurance |
|-------------------------------|---------------------------------|-------|---|--------------------|
| G4-32 | About the Report | 2 | | Not Assured |
| | GRI G4 Content Index | 68-72 | | |
| | Independent Assurance Report | 73 | | |
| G4-33 | Independent Assurance Report | 73 | | Not Assured |
| Governance | | | | |
| G4-34 | Corporate Governance | 11 | | Not Assured |
| | Sustainability Management | 12 | | |
| Ethics & Integrity | | | | |
| G4-56 | Ethical Rules | - | http://www.arcelikas.com/UserFiles/file/Etik%20Davran%C4%B1%C5%9F%20Kurallar%C4%B1%20ve%20Uygulama%20Prensipleri/Code%20of%20Conduct_English.pdf | Not Assured |
| | Responsible Purchasing | 47-49 | | |
| | Arçelik A.Ş. Annual Report 2015 | 64-65 | | |

GRI G4 Content Index | Specific Standard Disclosures

| Category: Economic | | | | |
|---|---|-------|---|-------------|
| Aspect: Economic Performance | | | | |
| Combating Climate Change 30-31 | | | | |
| G4-EC2 | Message from the CEO | 4-5 | | Not Assured |
| | Participation in Sustainability Initiatives | 15 | | |
| | Combating Climate Change | 30-31 | | |
| | Responsible Purchasing | 47-49 | | |
| G4-EC3 | GRI G4 Content Index | 69 | Arçelik A.Ş. employees over 35 years, who take charge in Turkey operations, can benefit from Koç Holding Pension and Support Fund Foundation practice. 6% employer and 6% employee contribution is taken from the base wage of employees, who are willing to participate the practice. The Foundation provides services such as full settlement, retirement pay, health insurance and financial assistance to its members and supports them in pursuing a comfortable and peaceful retirement period. | |
| Aspect: Market Presence | | | | |
| GRI G4 Content Index 69 | | | | |
| G4-EC5 | Respect for Human and Employee Rights | 18-20 | | Not Assured |
| | GRI G4 Content Index | 69 | No gender discrimination is allowed in remuneration within the scope of Arçelik A.Ş. operations. The wages vary according to employee performance results and occupational responsibilities. | |
| G4-EC6 | Social Performance Data | 66-67 | | Not Assured |
| | GRI G4 Content Index | 69 | "Local" is defined on the basis of citizenship. | |
| Aspect: Indirect Economic Impacts | | | | |
| Social Development; Sustainability Management in Value Chain 52-61; 44-51 | | | | |
| G4-EC7 | Electrical Household Appliances Technical Training Program - Arçelik Laboratories | 53 | | Not Assured |
| | Arçelik A.Ş. Search & Rescue Teams | 55 | | |
| G4-EC8 | Innovative and Superior Technology | 45-46 | | Not Assured |
| | Responsible Purchasing | 47-49 | | |
| | Distribution and Authorized Dealer Network | 49 | | |
| Category: Environmental | | | | |
| Aspect: Materials | | | | |
| Use of Natural Resources and Waste Management 36 | | | | |
| G4-EN1 | Efficiency in Raw Material and Material Use | 37-39 | | Not Assured |
| G4-EN2 | Product Reuse, Recycling and Disposal | 39-40 | | Not Assured |
| Aspect: Energy | | | | |
| Environmental and Energy Management 30 | | | | |
| G4-EN3 | Energy Efficiency in Production | 33-34 | | Not Assured |
| | Environmental Performance Data | 64-65 | | |
| G4-EN6 | Energy Efficiency in Production | 33-34 | | Not Assured |
| G4-EN7 | Energy Efficiency in Products | 34 | | Not Assured |

GRI G4 Content Index | Specific Standard Disclosures

| Profile Disclosure | Reported in | Page | Notes / Reasons for Omission | External Assurance |
|--|--|-------|--|-------------------------------------|
| Aspect: Water Use of Natural Resources and Waste Management 36 | | | | |
| G4-EN8 | Water Use, Recovery and Discharge in Production | 41-42 | | Not Assured |
| | Environmental Performance Data | 64-65 | | |
| G4-EN9 | Respect for Biodiversity | 35 | | Not Assured |
| | Water Use, Recovery and Discharge in Production | 41-42 | | |
| | GRI G4 Content Index | 70 | Since the most 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 on water bodies. | |
| Aspect: Emissions Combating Climate Change 32-33 | | | | |
| G4-EN15 | Combating Climate Change | 32-33 | | Independent Assurance Report, p. 73 |
| | Environmental Performance Data | 64-65 | | |
| G4-EN16 | Combating Climate Change | 32-33 | | Independent Assurance Report, p. 73 |
| | Environmental Performance Data | 64-65 | | |
| G4-EN17 | Combating Climate Change | 32-33 | | Not Assured |
| | Responsible Purchasing | 47-49 | | |
| | Responsible Supply Chain | 50 | | |
| G4-EN19 | Combating Climate Change | 32-33 | | Not Assured |
| Aspect: Effluents and Waste Use of Natural Resources and Waste Management 36 | | | | |
| G4-EN22 | GRI G4 Content Index | 70 | Water discharged from Arçelik's plants is not used by other organizations. | Not Assured |
| | Water Use, Recovery and Discharge in Production | 41-42 | | |
| | Environmental Performance Data | 64-65 | | |
| G4-EN23 | Waste from the Production Processes | 38 | | Not Assured |
| | Environmental Performance Data | 64-65 | | |
| G4-EN26 | GRI G4 Content Index | 70 | Most of the wastewater generated at Arçelik A.Ş. factories are discharged to industrial sewage systems, while the remainder is discharged to receiving environment. As the wastewater is discharged after treatment processes, it complies with the quality levels foreseen by the regulations and the biodiversity value is not effected. | Not Assured |
| Aspect: Products and Services Environmental and Energy Management; Use of Natural Resources and Waste Management 30; 36 | | | | |
| G4-EN27 | Message from the CEO | 4-5 | | Not Assured |
| | Energy Efficiency in Products | 34 | | |
| | Innovative and Superior Technology | 45-46 | | |
| | Water Efficiency in Products | 42 | | |
| | Responsible Supply Chain | 50 | | |
| | Product Reuse, Recycling and Disposal | 39-40 | | |
| | Packaging Use and Waste Management | 39 | | |
| Aspect: Compliance GRI G4 Content Index 70 | | | | |
| G4-EN29 | GRI G4 Content Index | 70 | During the reporting period, no significant* fines were paid for non-compliance with environmental laws and regulatons. | |
| Aspect: Transport Sustainability Management in Value Chain 44-51 | | | | |
| G4-EN30 | Responsible Supply Chain | 50 | | Not Assured |
| Aspect: Overall Our Environmental and Energy Management Approach 31 | | | | |
| G4-EN31 | Our Environmental and Energy Management Approach | 31 | | Not Assured |
| Aspect: Supplier Environmental Assessment Responsible Purchasing 47-49 | | | | |
| G4-EN32 | Responsible Purchasing | 47-49 | | Not Assured |

*Fines amounting to more than 200,000 USD are considered as significant.

GRI G4 Content Index | Specific Standard Disclosures

| Profile Disclosure | Reported in | Page | Notes / Reasons for Omission | External Assurance |
|---|--|--------|--|--------------------|
| Aspect: Environmental Grievance | | | | |
| Mechanisms | GRI G4 Content Index | 71 | | |
| G4-EN34 | GRI G4 Content Index | 71 | No grievances about environmental impacts were received during the reporting period. | Not Assured |
| Category: Social | | | | |
| Sub-Category: Labor Practices and Descent Work | | | | |
| Aspect: Employment | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA1 | Social Performance Data | 66-67 | | Not Assured |
| | GRI G4 Content Index | 71 | | |
| G4-LA2 | Corporate Website | - | http://www.arcelikas.com/page/197/Compensation%20and%20Benefits | Not Assured |
| Aspect: Labor /Management Relations | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA4 | GRI G4 Content Index | 71 | In Arçelik A.Ş., in cases of collective/individual dismissals or reassignments, labor regulations of the related countries and provisions stated in collective bargaining agreements are applied. | Not Assured |
| Aspect: Occupational Health and Safety | Respect for Human and Employee Rights; | 18-20; | | |
| | Occupational Health and Safety | 28-29 | | |
| G4-LA5 | Occupational Health and Safety | 28-29 | | Not Assured |
| | Occupational Health and Safety | 28-29 | | |
| G4-LA6 | Social Performance Data | 66-68 | | Not Assured |
| | GRI G4 Content Index | 71 | During the reporting period, 4 incidents of occupational disease were determined. | |
| G4-LA7 | GRI G4 Content Index | 71 | There are no workers with high incidence or high risk of diseases related to their occupation within the scope of Arçelik A.Ş.'s and its suppliers' operations. | Not Assured |
| G4-LA8 | Freedom of Association | 29 | | Not Assured |
| Aspect: Training and Education | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA9 | Employee Development | 23-26 | | Not Assured |
| | Social Performance Data | 66-67 | | |
| G4-LA10 | Employee Development | 23-26 | | Not Assured |
| | Employee Development | 23-26 | | |
| G4-LA11 | GRI G4 Content Index | 71 | During the reporting period, in Turkey operations, all of the white collar employees as well as 90% of blue collar employees received performance and career development reviews. | Not Assured |
| Aspect: Diversity and Equal Opportunity | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA12 | Social Performance Data | 66-67 | | Not Assured |
| Aspect: Equal Remuneration for Women and Men | Respect for Human and Employee Rights | 18-20 | | |
| | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA13 | GRI G4 Content Index | 71 | In recruitment, the employees are not subjected to different practices with regards to their diversities. The wages vary according to employee performance results and occupational responsibilities. No gender discrimination is allowed in remuneration. | Not Assured |
| Aspect: Labor Practices Grievance | Respect for Human and Employee Rights | 18-20 | | |
| G4-LA16 | GRI G4 Content Index | 71 | No grievances about labor practices were received during the reporting period. | Not Assured |
| Sub-Category: Human Rights | | | | |
| Aspect: Non-discrimination | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR3 | Respect for Human and Employee Rights | 18-20 | | Not Assured |
| Aspect: Freedom of Association | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR4 | GRI G4 Content Index | 71 | Operations in which the right to exercise Freedom of Association are at significant risk are not conducted within the scope of Arçelik A.Ş.'s and its suppliers' business processes. | Not Assured |

GRI G4 Content Index | Specific Standard Disclosures

| Profile Disclosure | Reported in | Page | Notes / Reasons for Omission | External Assurance |
|--|---------------------------------------|-------|--|--------------------|
| Aspect: Child Labor | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR5 | Respect for Human and Employee Rights | 18-20 | | Not Assured |
| | GRI G4 Content Index | 72 | Operations identified as having significant risk for incidents of child labor are not conducted within the scope of Arçelik A.Ş.'s and its suppliers' business processes. | |
| Aspect: Forced or Compulsory Labor | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR6 | Respect for Human and Employee Rights | 18-20 | | Not Assured |
| | GRI G4 Content Index | 72 | Operations identified as having significant risk for incidents of forced or compulsory labor are not conducted within the scope of Arçelik A.Ş.'s and its suppliers' business processes. | |
| Aspect: Security Practices | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR7 | GRI G4 Content Index | 72 | All security personnel working in Arçelik A.Ş. operations receive trainings about policies, procedures and legally mandatory topics, including human rights. | Not Assured |
| Aspect: Human Rights Grievance Mechanisms | Respect for Human and Employee Rights | 18-20 | | |
| G4-HR12 | GRI G4 Content Index | 72 | No grievances about human rights impacts were received during the reporting period. | Not Assured |
| Sub-Category: Society | | | | |
| Aspect: Anti-corruption | Risk Management | 11-12 | | |
| G4-SO3 | Risk Management | 11-12 | | Not Assured |
| | GRI G4 Content Index | 72 | All Arçelik A.Ş. operations are assessed for risks related to corruption. | |
| G4-SO5 | GRI G4 Content Index | 72 | There has been no major incidents of corruption during the reporting period. In cases of minor incidents, related processes are analyzed thoroughly; process changes are conducted and control mechanisms are implemented in order to minimize the determined risks. | Not Assured |
| Sub-Category: Product Responsibility | | | | |
| Aspect: Customer Health and Safety | Sustainability Management | 12 | | |
| G4-PR1 | GRI G4 Content Index | 72 | In all products produced within the scope of Arçelik A.Ş. operations, we comply with all international and local regulations concerning health and safety impacts. | Not Assured |
| Aspect: Product and Service Labeling | Environmental and Energy Management | 30 | | |
| G4-PR3 | Corporate Website | - | http://www.arcelikas.com/page/209/Energy_Efficiency | Not Assured |
| | Sustainability Management | 12 | | |
| | GRI G4 Content Index | 72 | In all products produced within the scope of Arçelik A.Ş. operations, we comply with all international and local regulations concerning product information and labeling. | |
| G4-PR4 | GRI G4 Content Index | 72 | No incidents of non-compliance with regulations concerning product and service information and labeling have taken place during the reporting period. | Not Assured |
| G4-PR5 | After Sales | 50-51 | | Not Assured |
| Aspect: Marketing Communications | Sustainability Management | 12 | | |
| G4-PR6 | GRI G4 Content Index | 72 | Arçelik A.Ş. does not conduct sale of banned or disputed products. | Not Assured |
| G4-PR7 | GRI G4 Content Index | 72 | No incidents of non-compliance with regulations and voluntary codes concerning marketing communications have taken place during the reporting period. | Not Assured |

Independent Assurance Report



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.
Değirmen Sok. No: 16, Ar Plaza A Blok Kat:6,
Ofis 61-62 Kozyatağı - İstanbul

Tel: +90 (216) 445 90 38
Fax: +90 (216) 463 26 26
Eposta: bsi.eurasia@bsigroup.com • www.bsi-turkey.com

Assurance Report to the Top Management of Arçelik A.Ş.

Executive Summary

We, as being a global independent business services organization providing standard-based solutions in more than 140 countries, have performed an independent verification audit in respect of Selected Data submitted by Arçelik A.Ş for their eight production plants, established in six different locations and the headquarter in Turkey.

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2015, contained by the Arçelik A.Ş Sustainability Report 2015 and detailed in Annex 1 has been verified with reasonable assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2015 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

Principles of the verification service that we perform are as follows:

- Impartiality
- Competence
- Factual approach to decision making
- Openness
- Confidentiality

Our verification audit based on reasonable assurance procedures to check whether the Greenhouse Gas assertion is materially correct and the Greenhouse Gas data and information submitted to our verification team is prepared in all material respects in accordance with Annex 1.

The assurance engagement performed is fully in compliance with the applicable independence and competency requirements as laid down in ISO14064-3:2006 Specification with Guidance for the Validation and the Verification of Greenhouse Gas Assertions published by the International Organization for Standardization.

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2015 referring to the Arçelik A.Ş's carbon emission monitoring and control performance. For the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the top managers of Arçelik A.Ş for our verification audit or this assurance report.

Methodology Used for the Provision of Audit

We conducted this reasonable assurance engagement in accordance with ISO14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals published by ISO (International Organization for Standardization).

A reasonable assurance engagement provides a reasonable but not absolute level of assurance that Arçelik A.Ş's Greenhouse Gas assertion is materially correct under ISO 14064-1:2006. In a reasonable assurance work, duration and extent of the procedures for gathering sufficient appropriate evidence are reasonably more than a limited assurance engagement.

To perform this assurance work, we have visited all locations and checked all information submitted by Arçelik A.Ş.

Our reasonable assurance procedures require from the verification team to assess the followings:

- a) Inventory design, scope & boundary,
- b) Specific Greenhouse Gas (GHG) activity and technology,
- c) Identification and selection of GHG sources, sinks or reservoirs,
- d) Quantification, monitoring and reporting, including relevant technical and sector issues,
- e) Situations that may affect the materiality of the GHG assertion, including typical and atypical operating conditions.

The verifier or verification team have expertise to evaluate the implications of financial, operational, contractual or other agreements that may affect organization boundaries, including any legal requirements related to the GHG assertion.

Restrictions

The absence of a manual prepared by the national authority has lead both parties to have some assumptions especially related to the grid emission factors and some measurement and calculation techniques which can result in materially different calculations and can impact the comparability. Therefore the accuracy of different calculations may also vary from company to company in Turkey. Furthermore, the nature and the methods used to determine such information, as well as the measurement criteria and the accuracy thereof, may change overtime. The methodology and references given for the Selected Data are documented in the context of Annex 1.

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arçelik A.Ş reported in their Sustainability Report 2015 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

BSI (British Standards Institution)
BSi Group Eurasia Belgelendirme Hizmetleri Ltd.Şti

Mehmet Kumru
Sustainability Team Manager

İstanbul, 20.06.2016

Mine Yenerkol
Finance Manager

İstanbul, 20.06.2016

Annex 1 : Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2015

Annex 1

Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2015

General Principles and Scope

Arçelik A.Ş. calculated the greenhouse gas emissions sourced by its activities according to "ISO 14064-1: 2006 Greenhouse Gases, Part 1 - Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals Standard" and shares with all its shareholders via this report.

This report is the summary of Arçelik A.Ş.'s Greenhouse Gas (GHG) Emission Report 2015, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by 6 campuses in Turkey including production plants, storage units, administrative buildings, other facilities and the Headquarter, between 01.01.2015 - 31.12.2015. The basis year for Arçelik A.Ş.'s Greenhouse Gas Emissions Inventory is 2010 year.

Arçelik A.Ş. documented the greenhouse gas emission inventory management methodology into its "GCP-16344 Greenhouse Gas Management System Procedure".

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Greenhouse Gas Emissions Inventory, 2015.

Within this scope, 6 campuses and the Headquarter under financial and administrative control of Arçelik A.Ş. in Turkey have been included in the inventory.

Abroad campuses, other activities that are outside of the campus areas, warehouses, service centers and dealers are not included in the Greenhouse Gas Emission Inventory.

The boundaries of the Arçelik A.Ş. Greenhouse Gas Inventory are as follows:

- The Headquarter (Sütlüce Campus) : There are two administrative offices.
- Çerkezköy Campus: There are electrical motors production plant, dryer production plant and warehouses.
- Beylikdüzü Campus: There are electronics production plant and warehouses.
- Çayirova Campus: There are washing machine production plant, cogeneration, administrative buildings and facilities and warehouses.
- Bolu Campus: There are cooking appliances production plant, WEEE Recycling Plant, other facilities and warehouse.
- Eskişehir Campus: There are refrigerator and compressor production plants, cogeneration and warehouses.
- Ankara Campus: There are dishwasher production plant and warehouse.

Greenhouse Gas Emissions and Activity Boundaries

Arçelik A.Ş.'s greenhouse gas emissions are in 3 categories:

- Direct greenhouse gas emissions,
- Indirect energy greenhouse gas emissions,
- Other indirect greenhouse gas emissions.

Direct greenhouse gas emissions are within the scope of Scope 1, energy indirect greenhouse gas emissions are within the scope of Scope 2 and other indirect greenhouse gas emissions are within the scope of Scope 3. Scope 1 and Scope 2 emissions are under the financial and administrative control of Arçelik A.Ş. Scope 3 emissions are not under financial and administrative control of Arçelik A.Ş., thus the Scope 3 emissions not included in the greenhouse gas emissions inventory.

- Direct Greenhouse Gas Emissions:

Arçelik A.Ş.'s direct greenhouse gas emissions are in three categories:

- Greenhouse gas emissions sourced by the stationary combustion,
- Greenhouse gas emissions sourced by the mobile combustion,
- Other direct greenhouse gas emissions.

Arçelik A.Ş.'s direct emission resources are; natural gas, diesel, fuel-oil, LPG, petrol, refrigerants, acetylene, propane and industrial oil.

- Energy Indirect Greenhouse Gas Emissions:

Arçelik A.Ş.'s energy indirect emission resource is electricity. Energy Indirect

Greenhouse Gas Emissions can be separated in two subgroups as:

- Scope 2 (Location-Based) Emissions: It is covered the emissions emitted from electricity consumption at Arçelik A.Ş. head quarter and production plants in Turkey and calculated by using national grid emission factor.
- Scope 2 (Market-Based) Emissions: It is covered the emissions emitted from consumption of electricity generated from renewable energy sources at Arçelik A.Ş. head quarter and production plants in Turkey. GHG emission factor of renewable energy and Scope 2 (Market-Based) Emissions are verified as zero.

- Other Indirect Greenhouse Gas Emissions:

Other greenhouse gas emission resources are within the scope of Scope 3 which are not under the financial and administrative control of Arçelik A.Ş. Arçelik A.Ş.'s other greenhouse gas emissions are personnel buses, subcontractor activities which are the outside of the campuses, food and drink automats, water dispensers, logistic activities and emissions sourced by external waste disposal and recycling activities. Such emissions are not included in Arçelik A.Ş. Greenhouse Gas Emissions Inventory.

Greenhouse Gas Emissions Inventory Calculations

Arçelik A.Ş.'s Greenhouse Gas Emissions Inventory calculations are based on mainly "Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines". The calculation methodologies and emission factors are as follows:

- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" is used to calculate the greenhouse gas emissions sourced by stationary combustion.
- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 3: Mobile Combustion" is used to calculate the greenhouse gas emission sourced by the mobile combustion.
- In the reporting period, electricity emission factor for Turkey in "DEFRA Carbon Factors Guide, Overseas Electricity Table" has been used to calculate energy indirect greenhouse gas emissions.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions.

In addition to these calculations, the negligible emissions and acceptances are calculated and the assumptions are documented in the Greenhouse Gas Emission Inventory.

Management of Uncertainties and Materiality

The uncertainties can be caused by the measurement devices, potential record errors and deviations, possible deviations in calorific value and lower - upper values of the fuels.

The uncertainty is calculated regarding to Arçelik's direct greenhouse gas emission and Arçelik's indirect greenhouse gas emissions, separately. Materiality is the sum of GHG inventory uncertainties and negligibles, acceptances. The company materiality has been calculated accordingly.

Internal Audits and Control Methods

With data control purposes, internal audits are performed within the scope of ISO 14064-1 Standard and the finding are managed in accordance with the "GTP-16355 Corrective and Preventive Actions Procedure".

Opinion Restatement

Arçelik A.Ş.'s Greenhouse Gas Inventory 2015 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 5%.

Independent Assurance Report



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.
Değirmen Sok. No: 16, Ar Plaza A Blok Kat:6,
Ofis 61-62 Kozyatağı - İstanbul

Tel: +90 (216) 445 90 38

Fax: +90 (216) 463 26 26

E-posta: bsi.eurasia@bsigroup.com • www.bsi-turkey.com

Assurance Report to the Top Management of Arçelik A.Ş.

Executive Summary

We, as being a global independent business services organization providing standard-based solutions in more than 140 countries, have performed an independent verification audit in respect of Selected Data submitted by Arctic Refrigerator Plant of Arçelik A.Ş. located in Romania.

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2015, contained by the Arçelik A.Ş Sustainability Report 2015 and detailed in Annex 1 has been verified with reasonable assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2015 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

Principles of the verification service that we perform are as follows:

- Impartiality
- Competence
- Factual approach to decision making
- Openness
- Confidentiality

Our verification audit based on reasonable assurance procedures to check whether the Greenhouse Gas assertion is materially correct and the Greenhouse Gas data and information submitted to our verification team is prepared in all material respects in accordance with Annex 1.

The assurance engagement performed is fully in compliance with the applicable independence and competency requirements as laid down in ISO14064-3:2006 Specification with Guidance for the Validation and the Verification of Greenhouse Gas Assertions published by the International Organization for Standardization.

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2015 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

For the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the top managers of Arçelik A.Ş for our verification audit or this assurance report.

Methodology Used for the Provision of Audit

We conducted this reasonable assurance engagement in accordance with ISO14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals published by ISO (International Organization for Standardization).

A reasonable assurance engagement provides a reasonable but not absolute level of assurance that Arçelik A.Ş's Greenhouse Gas assertion is materially correct under ISO 14064-1:2006. In a reasonable assurance work, duration and extent of the procedures for gathering sufficient appropriate evidence are reasonably more than a limited assurance engagement.

To perform this assurance work, we have visited Arctic Refrigerator Plant and checked all information submitted by Arctic Refrigerator Plant.

Our reasonable assurance procedures require from the verification team to assess the followings:

- Inventory design, scope & boundary,
- Specific Greenhouse Gas (GHG) activity and technology,
- Identification and selection of GHG sources, sinks or reservoirs,
- Quantification, monitoring and reporting, including relevant technical and sector issues,
- Situations that may affect the materiality of the GHG assertion, including typical and atypical operating conditions.

The verifier or verification team has expertise to evaluate the implications of financial, operational, contractual or other agreements that may affect organization boundaries, including any legal requirements related to the GHG assertion.

Restrictions

The absence of a manual prepared by the national authority has lead both parties to have some assumptions especially related to the grid emission factors and some measurement and calculation techniques which can result in materially different calculations and can impact the comparability. Therefore the accuracy of different calculations may also vary from company to company in Romania. Furthermore, the nature and the methods used to determine such information, as well as the measurement criteria and the accuracy thereof, may change overtime. The methodology and references given for the Selected Data are documented in the context of Annex 1.

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arctic Refrigerator Plant reported in their Sustainability Report 2015 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

BSI (British Standards Institution)

BSi Group Eurasia Belgelendirme Hizmetleri Ltd.Şti

Mehmet Kumru
Sustainability Team Manager

Mine Yenerkol
Finance Manager

İstanbul, 20.06.2016

İstanbul, 20.06.2016

Annex 1 : Arctic Refrigerator Plant Greenhouse Gas Emissions Inventory Summary Report, 2015

Annex 1

Arctic Refrigerator Plant Greenhouse Gas Emissions Inventory Summary Report, 2015

General Principles and Scope

Arctic Refrigerator Plant calculated the greenhouse gas emissions sourced by its activities according to "ISO 14064-1: 2006 Greenhouse Gases, Part 1 - Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals Standard" and shares with all its shareholders via this report.

This report is the summary of Arctic Refrigerator Plant's Greenhouse Gas (GHG) Emission Report 2015, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by Arctic Refrigerator Plant in Romania including production plant and product warehouse between 01.01.2015 - 31.12.2015.

The basis year for Arctic Refrigerator Plant's Greenhouse Gas Emissions Inventory is 2015 year.

Arçelik A.Ş. documented the greenhouse gas emission inventory management methodology into its "GCP-16344 Greenhouse Gas Management System Procedure".

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Greenhouse Gas Emissions Inventory, 2015.

Within this scope, 6 campuses and the Headquarter under financial and administrative control of Arçelik A.Ş. in Turkey and 1 Campus in Romania have been included in the inventory.

Abroad campuses (excluding Arctic), other activities that are outside of the campus areas, warehouses, service centers and dealers are not included in the Greenhouse Gas Emission Inventory.

The boundaries of the Arctic Refrigerator Plant's Greenhouse Gas Inventory are as follows:

- Arctic Campus: The Refrigerator plant and product warehouse

Greenhouse Gas Emissions and Activity Boundaries

Arçelik A.Ş.'s greenhouse gas emissions are in 3 categories:

- Direct greenhouse gas emissions,
- Indirect energy greenhouse gas emissions,
- Other indirect greenhouse gas emissions.

Direct greenhouse gas emissions are within the scope of Scope 1, energy indirect greenhouse gas emissions are within the scope of Scope 2 and other indirect greenhouse gas emissions are within the scope of Scope 3. Scope 1 and Scope 2 emissions are under the financial and administrative control of Arçelik A.Ş. Scope 3 emissions are not under financial and administrative control of Arçelik A.Ş., thus the Scope 3 emissions not included in this greenhouse gas emissions inventory.

- Direct Greenhouse Gas Emissions:

Arçelik A.Ş.'s direct greenhouse gas emissions are in three categories:

- Greenhouse gas emissions sourced by the stationary combustion,
- Greenhouse gas emissions sourced by the mobile combustion,
- Other direct greenhouse gas emissions.

Arctic Refrigerator Plant's direct emission resources are; natural gas, diesel, LPG, petrol, refrigerants, acetylene, propane

- Energy Indirect Greenhouse Gas Emissions:

Arctic Refrigerator Plant's indirect emission resource is electricity.

- Other Indirect Greenhouse Gas Emissions:

Other greenhouse gas emission resources are within the scope of Scope 3 which are not under the financial and administrative control of Arçelik A.Ş. Arçelik A.Ş.'s other greenhouse gas emissions are personnel buses, subcontractor activities which are the outside of the campuses, food and drink automats, water dispensers, logistic activities and emissions sourced by external waste disposal and recycling activities. Such emissions are not included in Arctic Refrigerator Plant's Greenhouse Gas Emissions Inventory.

Greenhouse Gas Emissions Inventory Calculations

Arctic Refrigerator Plant's Greenhouse Gas Emissions Inventory calculations are based on mainly "Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines".

The calculation methodologies and emission factors are as follows:

- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" is used to calculate the greenhouse gas emissions sourced by stationary combustion.
- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 3: Mobile Combustion" is used to calculate the greenhouse gas emission sourced by the mobile combustion.
- Romania electricity emission factor is used from DEFRA Carbon Factors Guide, Overseas Electricity Table The electricity emission factor is "0" for electricity that is generated from renewable sources.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions.

In addition to these calculations, the negligible emissions and acceptances are calculated and the assumptions are documented in the Greenhouse Gas Emission Inventory.

Management of Uncertainties and Materiality

The uncertainties can be caused by the measurement devices, potential record errors and deviations, possible deviations in calorific value and lower - upper values of the fuels.

The uncertainty is calculated regarding to Arctic Refrigerator Plant's direct greenhouse gas emission and indirect greenhouse gas emissions, separately. Materiality is the sum of GHG inventory uncertainties and negligibles, acceptances. The company materiality has been calculated accordingly.

Internal Audits and Control Methods

With data control purposes, internal audits are performed within the scope of ISO 14064-1 Standard and the finding are managed in accordance with the "GTP-16355 Corrective and Preventive Actions Procedure".

Opinion Restatement

Arctic Refrigerator Plant's Greenhouse Gas Inventory 2015 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 5%.

Independent Assurance Report



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.
Değirmen Sok. No: 16, Ar Plaza A Blok Kat:6,
Ofis 61-62 Kozyatağı - İstanbul

Tel: +90 (216) 445 90 38

Fax: +90 (216) 463 26 26

E-posta: bsi.eurasia@bsigroup.com • www.bsi-turkey.com

Assurance Report to the Top Management of Arçelik A.Ş.

Executive Summary

We, as being a global independent business services organization providing standard-based solutions in more than 140 countries, have performed an independent verification audit in respect of Selected Data submitted by Arçelik A.Ş Sustainability & Corporate Affairs Directorate and Supply Chain Directorate in Turkey.

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2014, contained by the Arçelik A.Ş Sustainability Report 2015 and detailed in Annex 1 has been verified with limited assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2015 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

Principles of the verification service that we perform are as follows:

- Impartiality
- Competence
- Factual approach to decision making
- Openness
- Confidentiality

Our verification audit based on reasonable assurance procedures to check whether the Greenhouse Gas assertion is materially correct and the Greenhouse Gas data and information submitted to our verification team is prepared in all material respects in accordance with Annex 1.

The assurance engagement performed is fully in compliance with the applicable independence and competency requirements as laid down in ISO14064-3:2006 Specification with Guidance for the Validation and the Verification of Greenhouse Gas Assertions published by the International Organization for Standardization.

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2015 referring to the Arçelik A.Ş's carbon emission monitoring and control performance. For the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the top managers of Arçelik A.Ş for our verification audit or this assurance report.

Methodology Used for the Provision of Audit

We conducted this reasonable assurance engagement in accordance with ISO14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals published by ISO (International Organization for Standardization).

A reasonable assurance engagement provides a limited level of assurance that Arçelik A.Ş's Scope 3 Greenhouse Gas assertion is materially correct under ISO 14064-1:2006. In a reasonable assurance work, duration and extent of the procedures for gathering sufficient appropriate evidence are reasonably more than a limited assurance engagement.

To perform this assurance work, we have visited related locations and checked all information submitted by Arçelik A.Ş.

Our reasonable assurance procedures require from the verification team to assess the followings:

- a) Inventory design, scope & boundary,
- b) Specific Greenhouse Gas (GHG) activity and technology,
- c) Identification and selection of GHG sources, sinks or reservoirs,
- d) Quantification, monitoring and reporting, including relevant technical and sector issues,
- e) Situations that may affect the materiality of the GHG assertion, including typical and atypical operating conditions.

The verifier or verification team have expertise to evaluate the implications of financial, operational, contractual or other agreements that may affect organization boundaries, including any legal requirements related to the GHG assertion.

Restrictions

The absence of a manual prepared by the national authority has lead both parties to have some assumptions especially related to the vehicle*mile emission factors and some measurement and calculation techniques which can result in materially different calculations and can impact the comparability. Therefore the accuracy of different calculations may also vary from company to company in Turkey. Furthermore, the nature and the methods used to determine such information, as well as the measurement criteria and the accuracy thereof, may change overtime. The methodology and references given for the Selected Data are documented in the context of Annex 1.

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arçelik A.Ş. reported in their Sustainability Report 2015 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

BSI (British Standards Institution)

BSi Group Eurasia Belgelendirme Hizmetleri Ltd.Şti

Mehmet Kumru
Sustainability Team Manager
İstanbul, 20.06.2016

Mine Yenerkol
Finance Manager
İstanbul, 20.06.2016



Annex 1

Arçelik A.Ş. Scope 3 Greenhouse Gas Emissions Inventory Summary Report, 2014

General Principles and Scope

Arçelik A.Ş. calculated the greenhouse gas emissions sourced by its activities according to "ISO 14064-1: 2006 Greenhouse Gases, Part 1 - Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals Standard" and shares with all its shareholders via this report.

This report is the summary of Arçelik A.Ş.'s Scope 3 Greenhouse Gas (GHG) Emission Report 2014, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by product logistic activities in Turkey, between 01.01.2014 - 31.12.2014.

The basis year for Arçelik A.Ş.'s Scope 3 Greenhouse Gas Emissions Inventory is 2013 year.

Arçelik A.Ş. documented the Scope 3 greenhouse gas emission inventory management methodology into its "CP-16427: Arçelik Domestic Logistic Greenhouse Gas Management System Procedure (Scope 3)".

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Scope 3 Greenhouse Gas Emissions Inventory, 2014.

Within this scope, product logistic activities (transportation) in Turkey under financial and administrative control of Arçelik A.Ş. have been included in the inventory.

In these activities; transportation of products to warehouses or dealers which are produced or sourced in Turkey is included if the cost of transport belongs to Arçelik. Otherwise it is excluded. In the same way, the transportation of products which are sourced from abroad and transported to warehouses and dealers in Turkey is included if the cost of transport belongs to Arçelik (this information is derived from agreements). Otherwise it is excluded. The transportation of products which are sourced from Turkey and exported to abroad is included till the custom area is included. The products sold in Turkey via internet are excluded because they are transported by cargo company. Transportations of raw materials and spare parts are excluded. The products transported to authorized services and end customers are excluded.

Boundries of Arçelik A.Ş. Scope 3 Inventory are as follows:

- Product logistic activities performed in Turkey
 - o Warehouse-warehouse shipping (on-road)
 - o Warehouse-dealer shipping (on-road)
 - o Supplied end-products from other companies in Turkey – Warehouse shipping (on-road)
- Exported products logistic activities
 - o Warehouse-port/custom shipping (on-road)
- Imported products logistic activities
 - o Custom/port- warehouse shipping (on-road)

Greenhouse Gas Emissions and Activity Boundaries

Product logistic activities in Turkey which is a part of downstream activities are included in Arçelik's Scope 3 Greenhouse Gas Inventory. Emissions emitted from upstream activities and downstream activities excluding product logistic activities are not included in this inventory.

Greenhouse Gas Emissions Inventory Calculations

Arçelik A.Ş.'s Scope 3 Greenhouse Gas Emissions Inventory calculations are based on mainly "EPA Climate Leaders GHG Inventory Protocol Core Module Guidance: Optional Emissions from Commuting, Business Travel and Product Transport".

In addition to these calculations, the negligible emissions and acceptances are calculated and the assumptions are documented in the Scope 3 Greenhouse Gas Emission Inventory.

Management of Uncertainties and Materiality

The uncertainties sources caused by calculating greenhouse gas emissions emitted by product logistic activities in Turkey are as follows:

- Distance (the distance (km) of departure and arrival point) (activity data)
- Emission factor

Materiality is the sum of Scope 3 GHG inventory uncertainties and negligibles, acceptances. The company materiality has been calculated accordingly.

Internal Audits and Control Methods

With data control purposes, internal audits are performed within the scope of ISO 14064-1 Standard and the finding are managed in accordance with the "GTP-16355 Corrective and Preventive Actions Procedure".

Opinion Restatement

Arçelik A.Ş.'s Scope 3 Greenhouse Gas Inventory 2014 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 10%.

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.

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

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

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.

Arçelik A.Ş. Communication

Zeynep Özbil

Corporate Communications Director
zeynep.ozbil@arcelik.com

Yasemin Başçavuşoğlu

Communications Executive
yasemin.bascavusoglu@arcelik.com

Corporateinfo@arcelik.com

Company advising on the contents
and the structure of the report.

KIYMET-İ
harbiye

Duayen Reklam



This report has been published
using recycled paper.



Arçelik A.Ş.

Karaağaç Caddesi No: 2-6, Sütlüce, Beyoğlu 34445 İstanbul-TURKEY
Telephone: +90 212 314 34 34 Fax: + 90 212 314 34 63
www.arcelikas.com

