

Respects
THE GLOBE
Respected
GLOBALLY



Arçelik A.Ş.
Sustainability Report 2014

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

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

About the Report

As a transparent and accountable company, we regard informing our stakeholders about our social, environmental and economic impact areas as our primary responsibility; in accordance, we rely on active communication mechanisms. We perceive the sustainability reports we publish annually not only as our primary communication tool in this area, but also as a governance tool, through which we offer our sustainability policies, practices, performance and targets to our stakeholders' view, that helps follow up these targets.

"Arçelik A.Ş. Sustainability Report 2014", in which we share our sustainability performance for the period between January 1st, 2014 and December 31st, 2014, takes the performance data of our Turkey operation as basis due to its significant impact on sustainability areas and since it constitutes the greatest part of our organization. The subject-based reporting method was used in the report, which also relies on global projects, practices and performance data when deemed necessary.

The basic content of the report was determined in accordance with the results of materiality studies conducted during the reporting period, issues identified to have priority were extensively covered, other indicators tracked across the organization were indicated in the "Performance Data" section. You may reach the details of the materiality and report content determination processes led by Arçelik A.Ş. Sustainability Report Working Group and our senior management under the heading "Sustainability Management".

G4 Reporting Guidelines core application level principles published by the Global Reporting Initiative (GRI) were made use of in determining the scope and cohesiveness of the report, as in the previous reporting period. The emission data included within the scope of reporting was subjected to limited third party assurance by an independent international audit company (BSI). Indicators in G4 Reporting Guidelines were also used in composing the report content, while stakeholder feedbacks about the previous report and performance indicators tracked specifically by Arçelik A.Ş. and the industry constituted other reference points for the content.



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Distinguished Stakeholders,

I am glad to present you our seventh sustainability report concerning the successful performance and practices of Arçelik A.Ş. in line with a “sustainable development” understanding. Once again, we have prepared our report in line with Global Reporting Initiative’s (GRI) new G4 guidelines, enables companies to focus on critical matters both for themselves and their stakeholders.

During the reporting period, we continued expanding our global presence in line with our strategy to diversify across markets. We increased our market share in the markets we operate in by creating competitive advantage, and strengthened the position of our brands. In 2014, where we succeeded to reflect our steady growth in our financial results, we achieved 13% growth. While our consolidated revenue surpassed 12.5 billion TL, we realized 638 million TL net profit.

While we preserved market leadership position in the white goods, built-in products, and air conditioner markets in Turkey, we maintained market leadership in Romania with Arctic brand, in South Africa with Defy brand and in England with Beko brand. Beko also had the highest market share in France and Poland’s solo white goods market. We launched the new production line for new side-by-side refrigerators in Defy’s East London Refrigerator Plant in South Africa. We laid the foundation of our refrigerator plant in Thailand, which has become the 6th country in which we have production facilities.

We focus on “sustainable development” in all our business processes.

We strive for carrying our sustainability performance onward and continue to integrate our sustainability strategy and policies with business objectives and processes. In line with this understanding, we have formed Sustainability Committee under Arçelik A.Ş. Board of Directors during the reporting period.

We entered BIST Sustainability Index, which was initiated and evaluated by Borsa Istanbul in 2014 and is comprised of 15 companies selected from BIST30. In addition to the companies’ financial results, this index evaluates also their environmental, social and corporate governance performances. Taking place successfully in such an extensive index has been another indicator of the importance we attach to sustainability.

We continue to invest in the development of our employees.

We provided 471,719 man*hour training to our employees, who are of utmost importance in our successes in our global journey. We realized pioneering human resources processes which increase their competence, and developed practices which encourage them to participate in decision-making mechanisms. In this regard, we actualised 1,246 of 1,754 suggestions made by our employees. With effective career management practices, we continued to determine potential employees who will carry our company to future and to prepare them for their future roles.

In order to further improve our healthy, peaceful and safe working environment, we provided 143,753 man*hour occupational health and safety training to our employees. We reduced our accident frequency rate by 10% and accident gravity rate by 5%.

We preserve our leadership in projects regarding combating climate change.

We take active roles in national and international initiatives in line with our strategy regarding combatting climate change, and continue to be a part of solution producing studies.

Since 2011, our company has taken place in the Turkish Climate Platform of Corporate Leaders Network which was established to lead the transition process to a low carbon economy. Our CEO of Koç Holding, Mr. Levent Çakıroğlu, has continued to be the spokesperson of Climate Platform and to represent Turkey on this topic on international platforms.

We continue to take part in Carbon Disclosure Project, which is the most prestigious and widespread environment initiative in the world, whereby companies disclose their GHG emissions and strategies towards climate change before international investors. As a result of the efforts we have exhibited in this field, we obtained the highest-possible A performance score, and were entitled to be listed in “The A List: CDP Climate Performance Leadership Index 2014”, which is comprised of the companies in CDP with the highest scores. We have become the first company from our sector in Turkey to be listed in the index.

We continue to develop innovative and environmentally friendly products with our R&D investments and innovation management.

Thanks to our innovation strength, which we see as an inseparable element of our company culture and business model, and to our technological competences, we continued to develop innovative and environmentally friendly products which differentiate us in the sector and add value to the lives of our customers.

We are the only Turkish company amongst the top 200 in world patent league in the last five years. We have seven R&D Centers in Turkey, an office in METU Technocity and R&D office in Taiwan and more than 1,000 R&D employees worldwide. This strong organization enables us to develop products that meet the expectations of consumers in diverse geographies. A refrigerator and a washing machine we developed specifically for the Chinese market, pizza oven designed specifically for the Italian market as well as developed a solar-powered refrigerator for rural areas lacking electricity in South Africa are the latest examples of our innovative products.

We produced the highest level energy efficient products of their respective categories, as a result of the studies aimed at reducing the environmental impacts of our products. We have spared more than 36 million TL for our R&D investments and expenditure to develop environmentally friendly products.

We define our innovation culture as open to internal and external stakeholders, engaging, respectful towards intellectual property and inclusive. In 2014, we have formed an Innovation Directorate, in order to ensure centralised coordination of internal innovation activities, which are essential to our business manner. Thus, we have aimed to finalise our projects from different product and service categories rapidly, to develop new business models and to spread our innovation approach to all of our processes.

We were deemed worthy of “R&D Leadership” and “Technology Development Leadership” awards in the third Turkish Innovation Week organised by TIM (Turkish Exporters’ Assembly). We were also awarded with the first prize in the “Innovation Strategy” category of InovaLIG, which is organised by TIM and an independent consulting firm; by way of an international innovation model, and where companies compete on the basis of both competency and business results. Thanks to this success, we have been invited to the global innovation management competition “International IMP3rove Award 2015”.

We carry our environmental sustainability and energy efficiency studies to international platform.

We continued contributing to the “Market Transformation of Energy Efficient Products Project” which encourages the use of energy efficient electronic household appliances in Turkey; initiated in 2010 and carried with the collaboration of the United Nations Development Program, Global Environment Facility, T.R. Ministry of Energy and Natural Resources, General Directorate of Renewable Energy and Turkey White Goods Industrialists’ Association.

Supporting these studies in the international platform, in 2014, we started to support Efficient Appliances and Equipment Global Partnership Programme led by United Nations Environment Programme. Within the scope of the program, we aim to contribute to project phases which support the transition to energy efficient refrigerators in the Republic of South Africa.

We strive for minimizing our environmental impact arising from production.

As with our products, we follow up the environmental performance of our production processes and carry out studies in this regard. We reduce our GHG emissions by energy saving and act with the principle of efficiency in natural resource use. We minimise the generated wastes at their source, and continuously increase our recycling rate.

As a result of energy efficiency studies and use of electricity generated from renewable energy resources, in 2014 we have reduced our GHG emissions by 45% in comparison to 2010. In the same period, we realised 200,358 m³ water savings, thanks to the efficient water use studies we have conducted.

We have successfully completed the first certification processes of ISO 50001 Energy Management System at our plants in Romania, Russia and China. In order to spread environmental consciousness, we have provided our employees with 10,311 man*hour environmental training.

We continue our activities in the recycling plants we established in Eskişehir and Bolu, which comply with international standards. Our recycling plant in Eskişehir is the first recycling plant in Turkey with the ability to collect the CFC (chlorofluorocarbon) gases, which exist in old refrigerators and is harmful to the ozone layer, via a closed system.

We manage each phase of our value chain with sustainability understanding.

With the consciousness of a responsible manufacturer, we resolutely continue to work for energy and material efficiency and the sustainability of resources in all our processes, from supply to distribution.

Our greenhouse gas emissions emitted from domestic product transportation activities, which we calculated according to the ISO 14064-1 Standard, were audited and verified by an independent third party at "limited assurance" level. In line with our sensitivity towards environment, we have increased the use of marine transportation in our export operations.

We received ISO 28000 Supply Chain Security Management System certificate for our product storage and distribution processes. We also obtained ISO 27001 Information Security Management System, which enables us to manage customs clearance more effectively.

We continue to realise new practices in order to develop our suppliers' performance in social, environmental and ethical areas. During the reporting period, 234 suppliers were subjected to audits which included business ethics, environment and occupational health and safety topics. Within the scope of our supplier development activities, we provided 100 suppliers with trainings and carried out 140 improvement projects with 90 suppliers.

We continue to steadily increase our local supply ratio and support the sustainable development of our operational geography with the indirect economic impact we have created. As an indicator of our successful practices, we have obtained a CIPS Corporate Certificate, which is granted in order to ensure perfection in purchasing management and is held by only 130 companies in the world.

We continue our contribution to social development.

We not only support the economic development of our operational geography, but also continue contributing to social development via our social responsibility projects and sponsorship practices. We reached out to 450 students in 9 schools with our "Electrical Household Appliances Technical Service Program," which aims to strengthen the relation between vocational education and employment. We continued to support "No Barriers for My Country" project, realised by Koç Holding, which aims to contribute to the social lives of those with handicapped persons.



We continue to support social development via sports in Turkey and in the world. We were glad to announce that, with the global sponsorship agreement we signed with FC Barcelona, the most famous football club in the world, our Beko brand and FC Barcelona have become partners. With this agreement that shows the growth Beko has achieved in the recent years, Beko has placed its corporate logo onto the sleeve of team jerseys, which were reserved for a commercial brand for the first time.

With our brand Beko, once more took pride in becoming the "Presenting Sponsor" of FIBA World Basketball Championship and we continued to be the name sponsor for some of the world's most important basketball leagues; Germany, Lithuania and Italy. We signed a Jersey-Back Sponsorship with Beşiktaş Professional Football A Team. Our Grundig brand continued to be the Official Technology Partner of Bundesliga as well as the official sponsor of Fenerbahçe women's and men's volleyball teams. We gave our name to Norway's women's and men's handball leagues.

We will continue to create value for our country and for our world, with the responsibility of being a global organization.

As we celebrate our 60th anniversary, we look forward to the future in confidence with the strength we gain from our past. In the upcoming period, we will continue to create value for all our stakeholders with the processes we manage with sustainability principles. We will carry on protecting the nature and contributing to the development of the societies we are a part of.

I extend my thanks to our employees, the most significant factor in our global successes and high objectives, to our authorised dealers and services, to our suppliers, to our customers, who inspire us on our way to innovation and to our shareholders, the support of whom we constantly feel.

Sincerely,

Hakan BULGURLU

CEO, Arçelik A.Ş.

2003

- We adopted the Corporate Governance Principles (CGP) declared by Capital Markets Board of Turkey.

2004

- We started to publish CGP Compliance Report both in Annual Reports and on our website.
- Packaging waste compliance was realized in Turkey before the regulations were published.

2005

- We signed the Code of Conduct issued by CECED (European Committee of Domestic Equipment Manufacturers).

2006

- We redefined HR policy and procedures according to UNGC.
- We published Arçelik HR Policy, Code of Ethics and Business Conduct and shared it with all our employees.

2007

- Lean 6 Sigma implementations started.
- Initiated "Work Life Evaluation and Improvement" survey practices in our international manufacturing sites besides Turkey.

2008

- We published our first Sustainability Report.
- Full RoHS compliance in Turkey before the regulations took effect.

2009

- We published "Arçelik Disclosure Policy".
- We received our first corporate governance rating as 8.21 out of 10.
- We restructured our OHS organization.
- We restructured our HR Department.

2010

- We published 2008-2009 Arçelik Sustainability Report in GRI C level according to GRI G3 Principles.
- Our corporate governance rating has been raised to 8.55 out of 10.
- We were ranked first in the "Management" category of European Business Awards for the Environment in Turkey, and we became one of the top three in Europe.
- An agreement between our Company and Turkish Ministry of Energy and Natural Resources, UNDP, White Goods Manufacturers' Association (TURKBESD) was signed for cooperation on the public awareness raising campaign "Market Transformation of Energy Efficient Appliances in Turkey".
- We started calculating our GHG emission in accordance with ISO 14064-1 standard and we received a Verification Certificate from an international independent accredited organization.

2011

- We published our 2010 Sustainability Report in compliance with GRI principles at B+ level.
- Our corporate governance rating was raised to 8.59 out of 10.
- We celebrated the 20th year of our R&D Department.
- 7 different R&D centers of Arçelik A.Ş. set in different locations were granted "R&D Center Certificates" by Turkish Ministry of Industry and Commerce.
- We were ranked the 95th company in WIPO's list of "the top 500 patent filing applicant" companies.
- We have signed 20C Challenge Communique as a member and term spokesperson of the Turkish Climate Platform of the Corporate Leaders Group.
- Arctic S.A. was granted the "Award for Excellence in Consistent TPM Commitment" by Japanese public institution JIPM, becoming the first company in Romania to receive this award.
- We represented Turkey as Turkish Climate Platform's term spokesperson at Durban Climate Conference.

2012

- 4 independent members were elected to the Board of Directors consisting of 12 members.
- Our corporate governance rating was raised to 9.11 out of 10.
- We represented Turkey as Turkish Climate Platform's term spokesperson at Doha Climate Conferences.
- We were named "Turkish Carbon Transparency Leader" by CDP thanks to our strategies dealing with climate change, the pioneering work we accomplished in this field, our style of managing climate change risks and opportunities and our transparency.
- We ranked among Best Country Practices and represented Turkey in Brazil at Rio+20 United Nations Sustainable Development Conference (Rio+20) with our Cactus Dishwasher.
- We accommodated our energy management process to comply with ISO 50001 standard and we were certified by an international independent accredited organization.
- We signed a 7 year term loan worth 100 million Euros with European Investment Bank (EIB) for the financing of Research and Development activities.

2013

- Our corporate governance rating was raised to 9.28 out of 10.
- We were granted "Innovation Leadership" award by Turkish Exporters Assembly.
- We were granted "CDP Performance Leader" award by Carbon Disclosure Project.
- We prepared our 2012 Sustainability Report in compliance with GRI principles at B+ level.
- We were awarded the Platinum certificate, which is the highest degree of "Energy Efficient Green Facilities" ranking, with our Dishwasher, Drying Machine, Electric Motors and Arctic Cooler Devices plants.
- We qualified to receive "ISO 10002 Customer Satisfaction Management System Certificate."
- We qualified to receive the "Green Brands" award in Austria with our brand Elektrabregenz.
- We have obtained ISO 27001 Information Security Management System Standard in Information Technologies, Supply Chain, Human Resources and Financial Affairs processes

2014

- Our corporate governance rating was raised to 9.41 out of 10.
- We entered BIST Sustainability Index and being among the 15 companies that managed to enter the Index.
- The A List: CDP Climate Performance Leadership Index 2014. Company became the first Turkish company in its industry to be included in the list.
- We collaborated with UNEP for the Efficient Appliances and Equipment Global Partnership Program
- We have conducted audits to our suppliers on ethics and environment.
- We have been certified by CIPS (Chartered Institute of Purchasing & Supply) Certificate.
- We qualified to receive "ISO 28000 Supply Chain Safety Management System Certificate".



Founded in 1955, under Koç Group, Arçelik A.Ş. operates in consumer durables and consumer electronics sectors with its production, marketing and after-sales services.

Arçelik A.Ş. has 25,000 employees worldwide and 14 production facilities throughout the world; in Turkey, Romania, Russia, China and South Africa. The Company has recently broke ground on its Thailand Refrigerator plant.

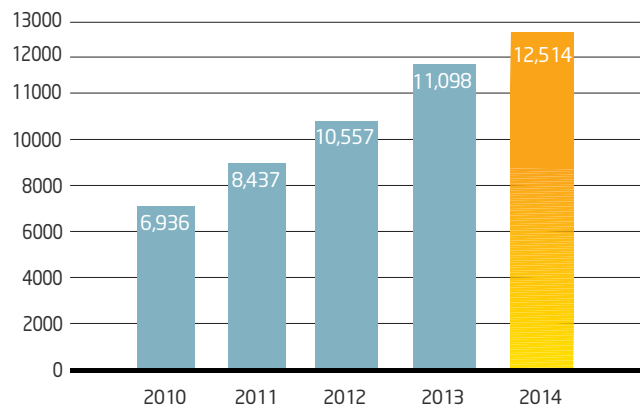
Arçelik A.Ş. provides products and services in 130 countries with sales and marketing offices located in 26 countries and under 10 different brands (Arçelik, Beko, Grundig, Defy, Arctic, Blomberg, Elektrabregenz, Leisure, Flavel and Altus).



Net Sales
2014
12,514
TRY Million

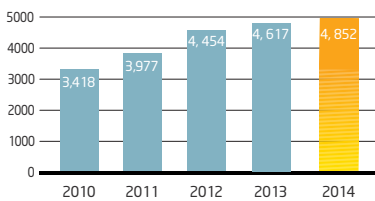
Net Sales

(TRY Million)



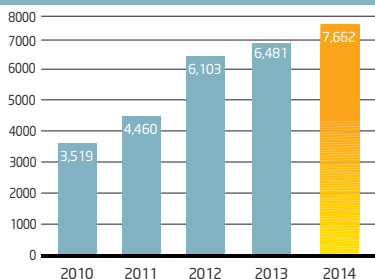
Net Sales -Turkey

(TRY Million)



Net Sales - International

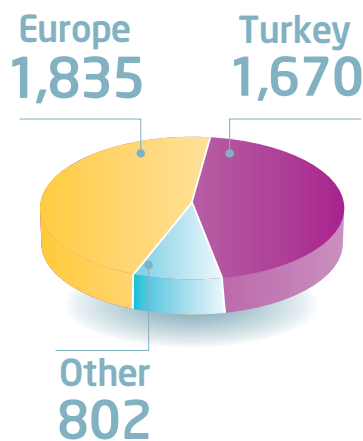
(TRY Million)



Regional Distribution of Net Sales

Million Euro

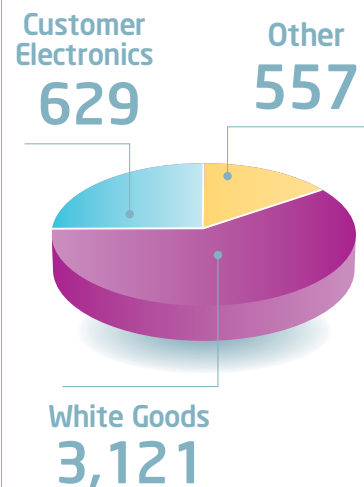
2014

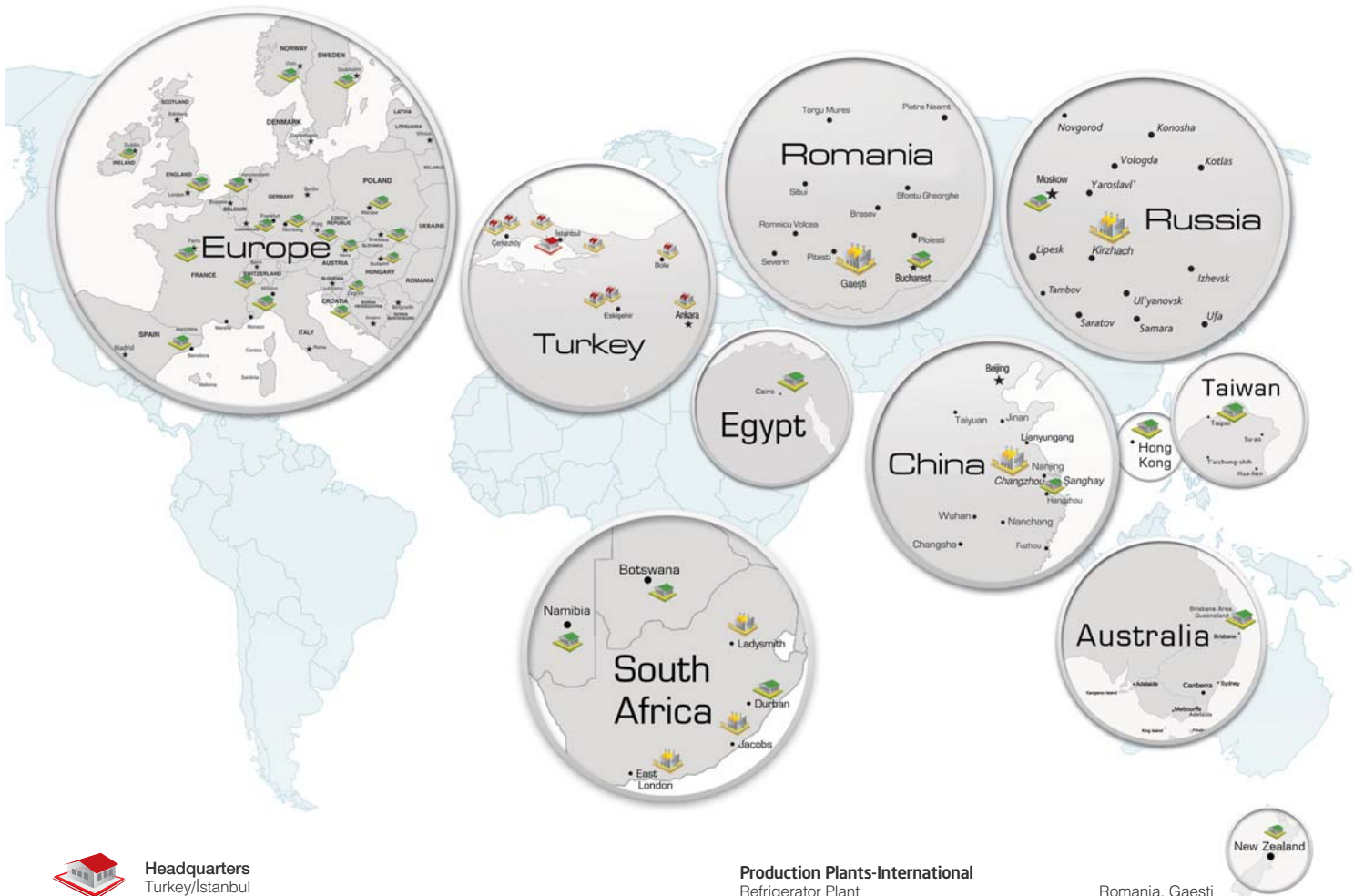


Net Sales by Product Group

Million Euro

2014





Headquarters
Turkey/Istanbul

Production Plants-Turkey

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

Eskişehir
İstanbul, Tuzla
İstanbul, Beylikdüzü
Bolu
Ankara
Tekirdağ, Çerkezköy
Eskişehir
Tekirdağ, Çerkezköy

Production Plants-International

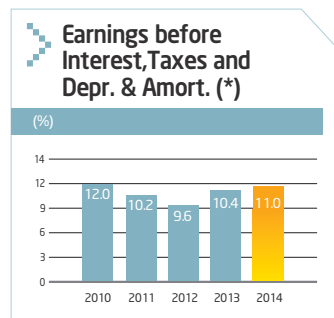
Refrigerator Plant
Refrigerator and Washing Machine Plant
Washing Machine Plant
Cooking Appliances and Tumble Dryer Plant
Cooling Appliances Plant
Refrigerator Plant

Romania, Gaeşti
Russia, Kirzhach
China, Changzho
South Africa, Jacobs
South Africa, Ezakheni, Ladysmith
South Africa, East London

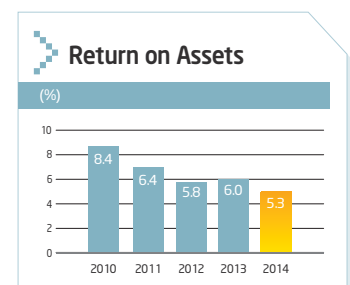
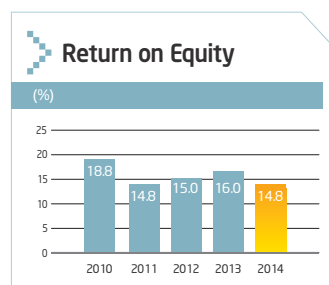
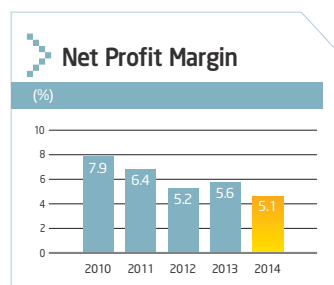
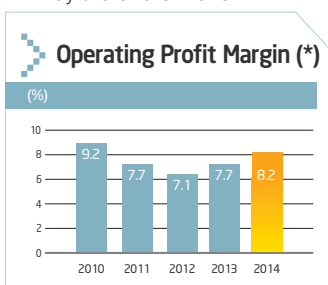
International Sales and Marketing

Arduch 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
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.

Taiwan
Australia, New Zealand
Germany
Egypt
Spain
France
Italy
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



(*) Beko Thai Co., Ltd. (Rayong Thailand) founded as a production, sales and marketing company in December 2014 and planned to start production by the end of 2015.



(*) Operating profit margin and EBITDA margin were calculated by deducting the impact of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense and adding income and expenses from sale of property plant and equipment in order to maintain consistency with the presentation of 2010 - 2011 periods.

Management Approach



We shape our sustainability strategy in line with our strong governance culture and we continuously improve the participation level of our stakeholders in our activities and decision-making processes through active communication channels that we form. We support our corporate governance practices with modern managerial principles and systems; we transform operational, financial and environmental risks into opportunities through active risk management practices. We continually enhance our performance in social, environmental and economic fields through our sustainability management practices, we realize processes that create added value for all our value chain.

- √ We increased our corporate governance rating to 9.41 out of 10.
- √ We constituted Arçelik A.Ş. Sustainability Committee and Sustainability Sub-Working Groups.
- √ We were listed in the Istanbul Stock Exchange (BIST) Sustainability Index, which was launched in 2014 and comprising 15 companies with our successful performance.

Corporate Governance

We define our corporate governance understanding in line with the principles of accountability, responsibility, openness, transparency and equality; we support our corporate governance structure, shaped by our 60-year business and industry experience, with top-end systems and standards. We continuously develop our governance practices through intercorporate two-way communication channels and stakeholder participation practices we implement at all levels of our value chain, we acquire better performance results in this field every year.

We continuously improve our corporate governance rating, which we measure through independent evaluations we conduct regularly under four main headings weighted on the basis of Capital Markets Board Corporate Governance Principles. We have increased our rating, which was realized as 85.53% in 2010, as a result of evaluations conducted under the headings of "Shareholders," "Public Disclosure and Transparency," "Stakeholders," and "Board of Directors", to 85.91% in 2011, 91.07% in 2012, 92.80% in 2013, and 94.11% in the reporting period.

Correct and efficient corporate governance has an important place in the premises of Arçelik A.Ş. for providing trust and stability to all of its stakeholders, especially shareholders. The corporate values and culture of the company, its ethical approach, corporate governance philosophy and business ethics principles are not only guiding for employees to fulfill their responsibilities, but they also constitute the basis of long termed relationships established with stakeholders.

The management structure at Arçelik A.Ş. consists of a single stage system with a Board of Directors elected by the General Assembly. The Board of Directors, consisting of 12 members, includes 4 independent members and 1 executive member (General Manager). All members of the Board of Directors are responsible for the economic performance of the company, while the General Manager also has executive responsibility for performances related to social and environmental issues. The offices 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.

The Board of Directors benefits from various specialty councils and committees to conduct its duties and responsibilities. **Risk Management Committee**, among these committees, determines operational, strategic, financial and all other risks and conducts works to manage these risks. **Audit Committee** helps the Board of Directors conduct its activities in accordance with Capital Markets Legislation and CMB Corporate Governance Principles. **Corporate Governance Committee** presents suggestions to the Board of Directors regarding compliance with and improvements upon Corporate Governance Principles, as well as fulfilling the duties of a Nomination Committee and

a Compensation Committee. The Sustainability Committee, formed in the reporting period, aims to enhance the activity of the social, environmental, economic and ethical performance of Arçelik A.Ş.

You can reach 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

Through our corporate risk management strategy, we aim to minimize probable negative impacts through risk management befitting the processes, knowledge accumulation and technology, that we implement across the company and our suppliers, and to gain advantage in the global competition with an effective cost structure as a result. Through risk management practices that we realize with a holistic perspective on every organizational level starting with the Board of Directors, we carry out the early determination of risks that might endanger the existence, development or permanence of Arçelik A.Ş. and we ensure that necessary precautions regarding the determined risks are effectively implemented.

Risk Management Committee, which was constituted in order to support the Board of Directors regarding the management of operational, strategic, financial and other risks concerning Arçelik A.Ş., conducts periodical risk reports and committee evaluations. The strategies and tools to minimize the impacts of risks that might affect stakeholders of the company are determined through Risk Reports submitted for the information of the Board of Directors.

The process conducted by the Corporate Risk Management Directorate aims at preserving the current values of the company, creating new values for stakeholders, managing opportunities and ensuring risk communication among processes. It ensures that risk management is conducted in integration with business processes in all the enterprises, central units and overseas subsidiaries of the company.

Audits and controls, which are the primary risk management tools, are conducted through multi-stakeholder practices where independent audit institutions, Koç Holding and internal audit units involved. Internal Audit Directorate regularly reports the results and analyses regarding significant issues in the audits it conducts to the Audit Committee. The Committee supervises the efficiency of systems and conveys problems concerning risk management and the internal control mechanism and solution proposals to the Board of Directors, when necessary.

Sustainability Management

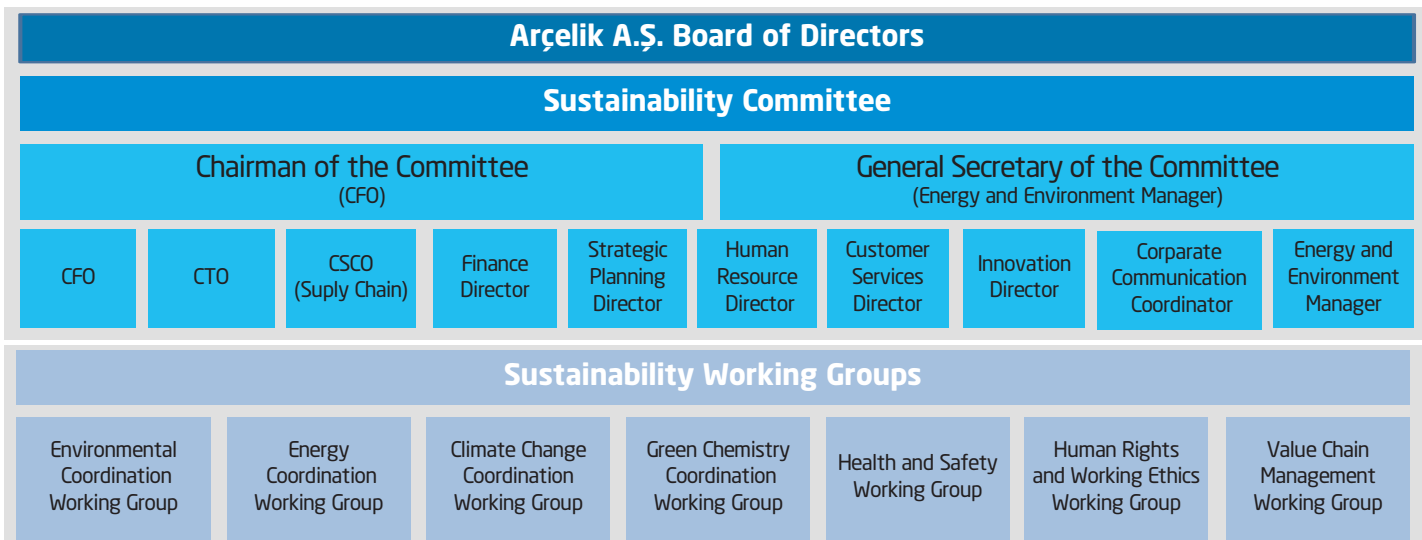
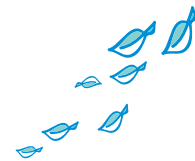
We are managing a continuously expanding impact area in line with our growing global presence; we strive to have a positive impact on the society, economy and environment of which we are a part. With this understanding, we act with an awareness of the social, environmental, economic and ethical dimensions of our activities; we regard risks and opportunities, as well as our stakeholders' expectations regarding these issues as our primary guides. We do not limit our sustainability performance to our own organization; we include our supply chain, authorized dealer and service network as well as other levels and our broadest value chain in our sustainability management practices.

We form our corporate policies and strategies in accordance with our sustainability principles; we integrate our sustainability targets with our corporate business objectives thereby conducting an extensive performance tracking. We regularly offer sustainability performance results to the views of our stakeholders through our stakeholder communication practices realized in light of our transparency and accountability principles. We identify development plans in all sustainability areas in accordance with the feedbacks of our stakeholders; we secure the efficiency of practices through effective auditing processes.

√ Sustainability Structure

At Arçelik A.Ş., the highest level of responsibility for sustainability management belongs to the Sustainability Committee that was constituted during the reporting period. The Sustainability Committee, which was established to determine corporate sustainability and climate change policies and strategies, ensure the integration of these with corporate business processes and monitor sustainability performance, aims to enhance the efficiency of the social, environmental, economic and ethical performance of Arçelik A.Ş.

The members of the committee, which was formed with the participation of Arçelik A.Ş. senior management, preside over Sustainability Working Groups that were also constituted in 2014, through which they control and coordinate sustainability activities related to their areas of responsibility.



The working groups formed under different headings on the basis of responsibility and specialization consist of executives and/or experts responsible for sustainability issues. The committees, namely Environmental Coordination Working Group, Energy Coordination Working Group, Climate Change Coordination Working Group, Green Chemistry Coordination Working Group, Health and Safety Working Group, Human Rights and Business Ethics Working Group, and Value Chain Management Working Group, ensure the implementation and dissemination of the decisions taken by the Sustainability Committee and they report developments. The Sustainability Committee, which 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.

Besides effective sustainability structuring, corporate policies that bring together values of Arçelik A.Ş. with its corporate sustainability strategy are made use of in sustainability management. 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 at Investor Relations, Sustainability, Human Resources and Purchasing tabs of the corporate website www.arcelikas.com.

√ Identification of Material Aspects

The study for the Identification of Material Aspects conducted during the reporting period aimed for determining the ensemble of issues that have an impact on the sustainability performance of Arçelik A.Ş. As part of the study that was conducted in accordance with the principles of integrity, sustainability scope, priority and stakeholder comprehensiveness as outlined by GRI G4 Basic Reporting Framework, a prioritization process consisting of three main stages was realized, the main issues that will provide the basis for all sustainability management practices, from the determination of sustainability strategies to sustainability reporting, were identified.

In the first stage, a prioritized issue system from among potential prioritized issues befitting the industry-specific, operational and geographical characteristics of Arçelik A.Ş. was identified through the study realized within the context of sustainability management with the participation of our senior management and Arçelik A.Ş. Sustainability Report Work Group, where our operations and organizational structure is represented in all its dimensions.

In the second stage, the headings included in the issue system were evaluated through a survey study participated by midlevel and senior executives of the Company, the potential impacts of related issues on business value, their position in the value chain and stakeholder expectation levels were estimated to arrive at the first prioritization results.

In both stages, information collected for the "industry-specific sustainability priorities survey" conducted by Koç Holding were considered an important input of "Koç Group Sustainability Management Model Project" process.

In the last stage, survey answers were included in the evaluation by discussing with expert representatives of related departments involved in the Sustainability Report Work Group and by taking into consideration feedbacks conveyed including stakeholder feedbacks regarding material aspects the prioritization process was thereby concluded.

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

Arçelik A.Ş. Management System

We make use of various standards and methodologies accepted in their fields in order to enhance the efficiency of Arçelik A.Ş. Management System, which we define as the ensemble of the workforce and workflows we organize to achieve our corporate objectives.

We implement ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064-1 Greenhouse Gas Reporting System, ISO 10002 Customer Satisfaction Management System, ISO 27001 Information Security Management System, ISO 28000 Supply Chain Safety Management System, Chartered Institute of Procurement & Supply (CIPS) Purchasing and Supply Management, OHSAS 18001 Occupational Health and Safety Management System, ISO 17025 Laboratory Management System Standards and we make use of methodologies such as Product Lifecycle Management (PLM), Total Productive Maintenance (TPM), and Six Sigma in our facilities. We manage these standards and methodologies in an integrated manner under the umbrella of EFQM Excellence Model. We make use of the Document and Process Management Software (QDMS), which operates on the Intercompany intranet network (ARPORT), and many similar central systems and software in order to facilitate the integration and implementation of our management systems. We constitute tangible goals for all the levels of organization on the basis of management systems, we evaluate the results we achieve within the framework of the performance measurement system, we present the findings we acquire as a result of the evaluations to the views of our stakeholders through our effective and transparent communication tools. We regard the feedbacks of our stakeholders as primary inputs for our improvement practices and we make use of them to develop our strategies, systems, processes, products and practices.

✓ Participation in Sustainability Initiatives

Arçelik A.Ş. complies with many volunteer codes, initiatives and arrangements that were developed in the social, ethical, economic and environmental fields, on the industrial, national and regional plan, to determine working principles and product characteristics, besides fully complying with legal regulations in all its countries of operation.

Arçelik A.Ş. takes into account of principles United Nations Global Compact of which Koç Group, of which it is a subsidiary, became a signatory in 2006. The principles of human rights, working standards, environment and combating corruption prescribed by the compact are followed in all corporate operations and supplier evaluation processes.

Domestic and overseas production facilities are audited by an independent audit institution according to the criteria of Business Social Compliance Initiative (BSCI) and Suppliers Ethical Data Exchange (Sedex), social responsibility organizations widely acclaimed in the European Union; compliance reports are acquired in consequence of regular audits.

Arçelik A.Ş. has 37 national and 9 general compliance certificates in the field of product characteristics, that mostly concern the environmental and social impact dimensions of the products.

The Company, which maintains its activities in proper compliance with the law, moral standards and human rights, is among the first companies to sign the Code of Conduct, a corporate social responsibility ethics agreement constituted by the European Committee of Domestic Equipment Manufacturers (CECED). The Code of Conduct guarantees a sustainable performance concerning working conditions prescribed by relevant international agreements, as well as environmental laws and standards.

As an active member of European Committee of Domestic Equipment Manufacturers (CECED), Arçelik A.Ş. complies with the relevant regulations and directives of the European Union and participates in stakeholder dialogues for the cohesion of Turkish regulations. In this regard, we comply with the Eco Design Conditions for Energy Using Products Directive (EuP), Restriction of Hazardous Substances Directive (RoHS) and EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Waste Electrical and Electronic Equipment Directive (WEEE) regulations, as well as Regulation for Control of Waste Electric and Electronic Appliances (WEEE), Energy Efficiency Law, and the Regulation Concerning the Improvement of the Efficient Use of Energy Resources and Energy in Turkey.



Providing support for combating climate change since 2011, Arçelik A.Ş. continued its role of spokes man for the Climate Platform, which leads the implementation of national and international policies in this field, and became a signatory of the 2°C Challenge Communiqué that draws attention to studies related to climate change. The company continues to be part of the Carbon Disclosure Project (CDP), considered to be the world's most prestigious and prevalent environmental initiative whereby institutions share their greenhouse gas emissions and strategies against climate change with international investors, since 2012. The Company was deemed worthy of the "Turkey Carbon Disclosure Leader Award" in 2012 and "Turkey CDP Performance Leadership Award" in 2013. In 2014, A level performance score, which is the highest, was achieved at CDP Performance Ranking thereby qualifying to enter "The A List: The CDP Climate Performance Leadership Index 2014" where companies with the highest CDP performance worldwide are included. With this result, the Company has become the first to achieve this success in its industry, in Turkey.

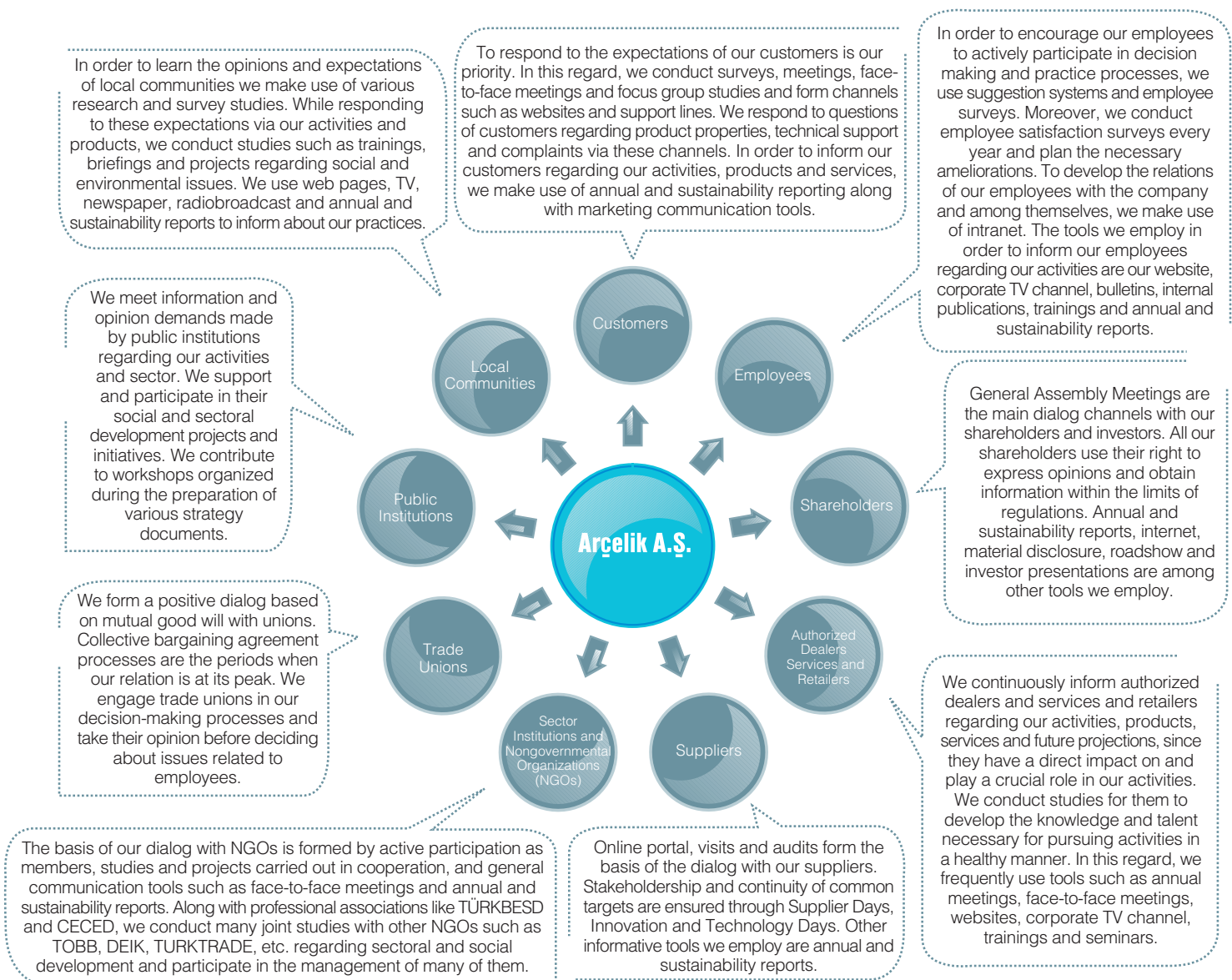
In 2014, Arçelik A.Ş. was entitled to be included in the "BIST Sustainability Index", which includes 15 companies traded at Istanbul Stock Exchange and with a high corporate sustainability performance, due to its successful performance.

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

Dialog With Stakeholders

We define all individuals and institutions, who either are impacted by our operations or have an impact on them, as our stakeholders; we regard their views and expectations as primary inputs for the development of our sustainability performance. We constitute open and active communication platforms in accordance with our understanding of transparent, accountable and participatory management, thereby constantly carrying the disposition of our stakeholders on our activities one step further. In the identification of stakeholder groups to establish dialog with, our stakeholders who can undertake productive studies towards a common goal, who adopt our ethical values and with whom we can create permanent values are prioritized.

We take into consideration the qualifications required by our stakeholders and their position in our activities when determining the structure and application frequency of our stakeholder communication mechanisms; we guarantee the sustainability of our communication through stakeholder-specific channels. We conduct practices such as surveys, researches and practices that are part of a definite system or process at least annually and public disclosure either quarterly or annually. We realize other participatory implementations instantaneously as needed; we make use of instantaneous communication tools with all our stakeholders in special occasions.



As Arçelik A.Ş. we are a member of various organizations such as associations, foundations, research institutions, unions and sector chambers. We meet with stakeholders through various platforms, in order to seek solutions for social, environmental and industry development issues. Via these platforms, work meetings are held, project groups are organized and reports are prepared. Information is disclosed to the public and to relevant authorities through NGOs as to represent all stakeholders. We have contributed directly or through the agency of various sectoral and nongovernmental organizations to public legislative preparations in many issues, mainly consumer protection, market surveillance and inspection, product safety, energy and environment.

FOUNDATION	PARTICIPATION
European Committee of Domestic Equipment Manufacturers (CECED)	Membership to Board of Directors and other work group memberships
White Goods Suppliers Association	High Level Representation
Foreign Economic Relations Board (DEİK)	Membership to Board of Directors and Founding Presidency, Vice Presidency, Business Council Representation in various Business Councils
Electronic Equipment Manufacturers' Association (ECID)	Vice Presidency and Office of the Secretary General
Air Conditioning & Refrigeration Manufacturers' Association (ISKID)	Membership to Board of Directors and other memberships
Turkish Electro Technology (TET)	Chairman of the Board
Istanbul Foundation for Culture and Arts (İKSİV)	Membership to Board of Trustees and Inspection
Istanbul Chamber of Industry (ISO)	High level representation and membership to several technical boards
Regional Environment Center Climate Platform	Turkey Climate Change Leaders Group CEO
Chambers of Industry and Commerce	Memberships to General Assembly and Professional Committees in various chambers
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
Turkish White Good Manufacturers' Association (TÜRKBEŞD)	Vice Presidency*, Membership to Board of Directors and other Technical Committees
Turkish Informatics Foundation (TBV)	High Level Representation
Turkish Foreign Trade Association (TÜRKTRADE)	Chairman of the Board, Memberships to Work Groups
Turkish Exporters Assembly (TİM)	Associate Membership to Electrical Electronic 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 Association (TÜYİD)	High Level Representation
Personnel Management Association (PERYÖN)	Membership to Board of Directors and High Level Representation
Turkish Employers' Association of Metal Industries (MESS)	OHS Committee and other memberships
Corporate Governance Association of Turkey (TKYD)	High Level Representation
The Scientific and Technological Research Council of Turkey – Turkish Industry Management and Administration Institute (TÜBİTAK- TUSİDE)	Membership to Advisory Board
Turkish Association for the Protection of Intellectual Property	Membership to Board of Directors, Membership to Board of Supervisors and other work group memberships
International Advertising Association	Original Member of the Board of Directors
Ethics and Reputation Association	High Level Representation*

(*) Duty and participation level by year 2015.

Talent Management



We make tremendous effort to provide a fair, participatory, healthy and safe working environment for our employees, we actualize human resources processes respectful of human and employee rights. We continuously strive to create a discrimination free working environment; by way of pioneering occupational health and safety practices, we continuously enhance our performance in this field; we encourage the participation of our employees in decision-making processes with communication channels we form; we accompany the professional and personal development of our employees through active career planning practices.

- ✓ We increased the number of our employees by creating new employment opportunities.
- ✓ We realized our average training hours per employee as 28.7 with a 50% increase as against the previous year.
- ✓ We have provided our employees with 11,314.50 man*hour of environmental training.
- ✓ We have implemented 1,246 out of 1,754 suggestions of our employees.
- ✓ We have decreased our accident frequency rate by 10% through active occupational health and safety practices.



Respect for Human and Employee Rights

The principles of respect for human and employee rights lie at the center of all our human resources processes. In accordance, we offer our employees a fair and discrimination-free working environment, we realize practices based on merit in matters of remuneration and vested benefits, we recognize the freedom of association and collective bargaining rights of our employees. We implement improvements in line with our employees' feedbacks in all fields of practice; we look for ways to continuously enhance our human and employee rights performance.

In accordance with our human resources policy that opposes discrimination, we recognize all our employees as equals regardless of ethnic background, race, language, religion, age, gender, nationality or disability; we consider the principle of respect for human rights to be our primary guide in recruitment, remuneration and promotion practices. We not only comply with all legal regulations in our human resources processes, but we also strive to create a fair working environment with the principles of right person for the right job, equal wage for equal labor, merit based on success and equal opportunities for all. We fulfill the requirements of our principle of "Preventing Child Labor, Forced and Compulsory Labor" in line with labor legislation and policies we develop in this context.

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

We minutely implement the social performance requirements prescribed by global initiatives with which we are affiliated, we ensure that our human and employee rights approach and practices are audited by independent auditing institutions. Arçelik A.Ş., who is 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) through its subsidiaries abroad. In accordance with the commitments set forth by

the initiative, all Arçelik A.Ş. production facilities are audited by independent auditing organizations regarding practices related to legal compliance, freedom of unionization and collective bargaining, prevention of discrimination, remuneration, working hours, occupational health and safety, job security, management systems and other relevant social responsibility principles.

The "Ethical Rules of Conduct and Implementation Principles" that were formed in order to disseminate corporate ethical values among our employees with the same strength and to secure their transfer to future generations, aim for the observance of human and employee rights and the prevention of probable violations in this field. The Ethical Conduct Board, which was established to ensure the effective implementation of these rules, has received no complaints during the reporting period.

You can reach Arçelik A.Ş. Ethical Rules of Conduct and Implementation Principles at the Human Resources Section on our corporate website.

The Remuneration System implemented at Arçelik A.Ş. in accordance with the principle of equal wage for equal labor, aims for fair remuneration practices where employees are adequately compensated for their performance. White collar employee wages are determined according to individual performance results, wage researches, economic indicators, the company's ability to pay and balance within the company; while blue collar remunerations are realized as part of the collective labor agreement. Employee wages are evaluated once a year and the wage and vested benefit strategy for the new term is reviewed.

In case of individual or collective dismissals or reassignments, the notice period provisions of respective national labor legislation and collective agreements are applied.



Freedom of Association and Collective Bargaining

We acknowledge trade unions as a significant stakeholder and we pay special attention to the regularity and efficiency of our relations with trade unions, shaped within the framework of our Industrial Relations Policy. We do not undertake operations that will risk our employees' freedom of association and collective bargaining rights; we maintain our principle of respect for human and employee rights in this area as well. We include better working conditions, occupational health and safety provisions, as well as other social benefits such as birth, death, education and marriage benefits in the collective agreements and we strive to improve our performance in this area.

Percentage of Employees Covered by Collective Bargaining Agreement

	Total Number of Employees	Number of Employees Covered by CBA	Percentage of Employees Covered by CBA
Turkey	16,718	14,250	85
Companies Abroad	8,158	4,430	54

Arçelik A.Ş. is a member of MESS (Turkish Employers' Association of Metal Industries) as employer union and Turkish Metal Union is the authorized union in our workplaces as employee union. On December 15th, 2014 the Collective Labor Agreement, covering 01.09.2014 –31.08.2017 period, was signed between MESS and Turkish Metal Union. Provisions of regulations related to Occupational Health and Safety are also included as part of this agreement. In the reporting period, 146 employees participated in employee unions while 2 employees took office in the employer union.

Employee Communication

Effective employee communication underlies the sustainable success of our global organization. Through effective communication mechanisms that aim at informing our employees about corporate activities in the fastest and most transparent manner and at constituting a common corporate language in our vast operational geography, we actualize processes whereby our employees actively participate in decision-making mechanisms. We improve communication channels through which our employees provide feedbacks in various issues ranging from improvement suggestions regarding business processes to expectations and complaints about the working environment, in light of technological developments and employee feedbacks; we continuously enhance our performance in this area.

We encourage our employees to provide feedbacks regarding the efficiency and productivity of business processes through the Suggestion System, which is one of our most important employee communication tools. We

actualize suggestions deemed appropriate within a system where each suggestion received from our employees is evaluated through our committees and we reward employees' participation with points awarded per suggestion. During the reporting period, our employees in Turkey provided 1,754 suggestions of which 1,246 were actualized.

We ensure that news of corporate activities is disseminated throughout all the levels of our global organization; we also actualize practices to facilitate our employees' communication between themselves. We preserve the efficiency of our internal communication through our online magazine Aydabir, internal announcements, newsletters, emails, and the global intranet system; we conduct several sharing, entertainment and surprise-oriented activities for our employees and their families with the Pause&Play brand we have developed in order to enhance employee satisfaction. We bring together our employees and our managers with Communication and Sharing Meetings we organize, we take their feedbacks regarding primary business processes and we guarantee their participation in corporate activities.



Employee Development

We believe individual successes lie behind organizational success, we implement active development programs that will enhance the skills and competences of our employees in accordance. We incorporate the most qualified youth and most experienced professionals through our multistage recruitment practices, we set forth development areas through fair performance evaluation processes, we accompany their professional and personal development processes with active career management practices.

At Arçelik A.Ş., performance evaluation practices are conducted in parallel with corporate strategies and business objectives. By way of processes whereby targets and strategies are disseminated throughout departments and employees starting with upper levels, we both ensure that our global organization proceeds along common objectives and we identify the indicators that will constitute the basis for performance evaluation processes. We manage the performance system through regular notices given to employees throughout the year and follow-up meetings, we identify areas of development for our employees through the performance feedbacks we acquire and we help them with their career plans.

In the reporting period, all our blue and white collar employees underwent performance evaluation processes and received feedbacks in this regard.

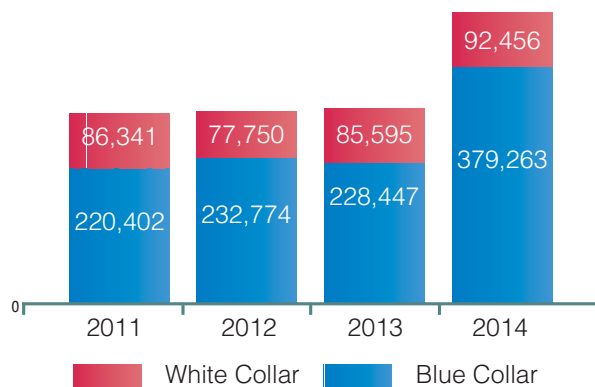
The performance system and the requirements of our global organization form the basis of our career planning practices, training and development programs. Through talent management practices focused on knowledge, skill and competence development, we ensure the constant improvement of our employees, and thereby of the company, we also identify potential leaders within our organization and prepare them for their future roles.

With the Internal Notice System practice, to which our blue collar employees were integrated in the reporting period, we ensure that vacant positions in our organization are announced within the company and we help our employees take initiative in their career planning. In 2014, 6% of our employees in our Turkey operations underwent rotation, promotion and assignment processes.



At Arçelik A.Ş., development programs both enhance the professional skills and competences of employees and focus on the development of personal competences. In addition to technical and functional trainings that enhance corporate performance, processes such as orientation, foreign language, leadership and personal development programs are also designed and implemented. In the reporting period, we have provided our blue collar employees with 26, and our white collar employees with 39.1 hours of training on average. In the same period, we have provided our female employees with 38.2, and our male employees with 26.3 hours of training on average. Our average training hours per employee was realized as 28.7, with a 44% increase as against the previous period.

Employee Trainings by Status (hour)



From Campus to Career

We regard universities as one of our primary stakeholder groups, we constantly carry our relations with the academia one step further in accordance with our corporate understanding of investing in the future. We carry out collaborations in social areas such as sales, marketing, human resources and accounting beside technical areas such as R&D, engineering, production and informational technologies, we provide R&D platforms and employment opportunities for students pursuing their graduate and doctoral studies, we support scientific studies.

Every year, we take in an average of 560 high school and 650 university students as interns. In the reporting period, 60 students completed their thesis with Arçelik A.Ş. as part of university-industry collaborations. Project engineers who perform successfully as part of the practice continue their full time career as R&D engineer at Arçelik in case there is a fitting position.

In 2014, we have provided internship opportunities for about 280 students and we received an award from Istanbul Technical University for being the company to provide the most internship opportunity.

As Arçelik A.Ş., we are the only corporate partner of CEMS (Community of European Management Schools and International Companies). In 2014, we have provided 6 students with working opportunities in different projects at the Human Resources and Marketing departments. 4 students, who completed CEMS program, were permanently employed.



Occupational Health and Safety

We regard providing our employees, who are our most precious wealth, with a healthy and safe working environment as one of our primary sustainability priorities, we look for ways to constantly enhance our occupational health and safety performance through practices we implement in line with the zero working accident and zero occupational disease objectives. We perform the analysis of health and safety risks that might arise in all our operations, we eliminate these risks by taking the necessary precautions, we conduct training activities to increase OHS awareness.

You can reach Arçelik A.Ş. Occupational Health and Safety Policy at the Human Resources section on our website.

We do not limit our policies and practices in the field of health and safety to our employees. We conduct training and audit practices regarding occupational health and safety in all the elements of our value chain, we realize health and safety training programs that also involve our employees' families. We act with an understanding that goes beyond legal statute and regulations in our occupational health and safety practices, which we manage in integration with Quality and Environmental Management Systems; we aim to be a pioneering and exemplary company in our industry.

No fatal work accident has occurred on our domestic and foreign plants during the reporting period.



We ensure that the best OHS practices in our operational regions are communicated and disseminated in all regions. We manage our OHS performance through common indicators we monitor in all our operational geography and concrete targets. We include the related indicators in the performance evaluation of our managers and employees, thereby achieving successful results at all business levels.

Turkey Operations OHS Indicators	2011	2012	2013	2014
Accident Frequency Rate (F)*	5.73	5.00	7.45	6.69
Accident Gravity Rate (G)**	0.078	0.085	0.093	0.088
Safety Factor ***	0.448	0.426	0.690	0.592

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

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

*** Safety Factor: (F)*(G)

During the reporting period, we have reduced our accident frequency rate which indicates the frequency of working accidents per total actual working time, to the level of 6.69 with an improvement of 10%. We have reduced our accident gravity rate, which indicates the number of lost working days due to working accidents per total working time, to level of 0.088 with an improvement of 5%.

Occupational Health and Safety Committees are one of our primary employee participation practices in the field of OHS. There are 171 members on the 11 committees, which help with monitoring employee health and occupational safety programs, and the total number of representatives is 39. All Arçelik A.Ş. employees are represented at these committees. Employer liabilities regarding occupational health and safety issues are indicated and guaranteed as part of the collective bargaining agreement. Employees are guided in OHS issues, trainings are provided by occupational safety experts and workplace doctors at all Arçelik plants.

During the reporting period, we have provided our employees in our Turkey operations with 143,753 man*hour of occupational health and safety training and subcontractor employees with 3,532 man*hour of training.



Environmental and Energy Management



At Arçelik A.Ş., we consistently reduce the energy consumption arising from our production processes as well as the use of our products and we make a tremendous effort to minimize our carbon footprint. We conduct awareness raising activities in order to disseminate our strategy for combating climate change throughout our value chain, we lead our industry and operational geography by assuming responsibility on international platforms working towards solutions in this issue.

- ✓ We have reduced our direct greenhouse gas emission approximately by 20%, our indirect greenhouse gas emission by 71%, and our total greenhouse gas emission approximately by 45% compared to base year 2010.
- ✓ We have increased the rate of electricity generated from renewable energy sources in our total electricity consumption to the level of 78%.
- ✓ We achieved to receive ISO 50001 Energy Management Standard Certificate at our China Washing Machine Plant, Russia Refrigerator and Washing Machine Plant and Romania Refrigerator Plant.
- ✓ As an output of the "Scope 3 Emission Calculation (Logistics) Project" started in 2013, greenhouse gas emissions emitted by the domestic logistics activities of our products during the year 2013 were calculated in 2014 and verified by an independent accredited body at the level of "limited assurance" within the framework of ISO14064-1 Standard.
- ✓ We achieved A performance score, which is the highest level of CDP Performance Ranking, thereby achieving to be included in the "A List: CDP Climate Performance Leadership Index 2014" that includes companies with the best performance worldwide.
- ✓ Our brand Elektrabregenz was considered worthy of the "Green Brands" award with our GI 35385 XT Dishwasher, FSN 9862 Freezer, BES 4513 X Oven, KSBN 7475 MT Refrigerator, TKF 83320 A Dryer and WAE 81460 CT Washing Machine products.
- ✓ We have allocated resources worth 36,595,759 TL to R&D investments and expenditures for environmentally friendly products.

Our Environmental and Energy Management Approach

At Arçelik A.Ş., we define our environmental and energy management approach with the principle of “environmentalist approach throughout product lifecycle”, we act with an understanding that takes into consideration all stages of the lifecycle, from production processes until the completion of the product’s lifecycle. We design and implement our environmental and energy management processes in accordance with national and international systems and standards, as well as our corporate responsibilities, we act within the compass of an effective organizational structure.

We support the main determinants of our management approach, Arçelik A.Ş. Environmental Policy and Arçelik A.Ş. Energy Policy, through integrated ISO 9001 Quality Management System Standard, ISO 14001 Environmental Management System Standard and ISO 50001 Energy Management System Standard. We fulfill the requirements of our policies and the standards we refer to in accordance with concrete targets we set forth, we ensure that our environmental and energy management systems are audited and certified by independent accredited institutions annually.

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 identify guidelines regarding Environmental and Energy Management through Environment Coordination and Energy Coordination Committees coordinated by our Central Energy and Environment Department and realized with the active participation of individuals responsible of environment and energy in all production and nonproduction processes. Through the committees which convene periodically, we ensure the monitoring of targets we set in accordance with our policies and strategies in the fields of environment and energy, we realize controls for adaptation to national and international legal regulations, as well as all followed systems and standards.

Arçelik Environmental Management Unit, established within the framework of Environmental Regulations to monitor and coordinate the compliance of the Turkey operations of Arçelik A.Ş. with legal regulations regarding environment, received Certificate of Competency in 2014.

Through external audits realized by independent institutions and regularly conducted Intercorporate System Audits, we ensure the efficiency and continuity of environmental and energy management systems. We report our activities and performance results in the fields of environment and energy to the senior management and we offer them to our stakeholders’ views as required by our principles of transparency and accountability.

Environmental Protection Expenditures and Investments

Every year we transfer significant funds to our environmental management practices in order to minimize our environmental impacts, we consistently increase our investments and expenditures in this field. During the reporting period, we transferred funds worth 25,507,371 TL, apart from our environmentally friendly product R&D activities, to our environmental protection processes and our environmental protection expenditures and investments have doubled in comparison to the previous period.

During the reporting period, we have provided 5,965 Arçelik A.Ş. employees with 10,311 and 795 subcontractor personnel with 820 man*hour of training within the scope of training programs including energy and environmental management systems, emission management, environmental regulations, management of chemicals, emergency situations, waste management and hygiene. We have also provided 80 stakeholders with 184 man*hour environmental training within the context of social responsibility projects we realized in order to raise awareness regarding energy efficiency in product and production and popularizing responsible resource use. We provided trainings concerning environmental management and management of chemicals for auditors participating in supplier audits.

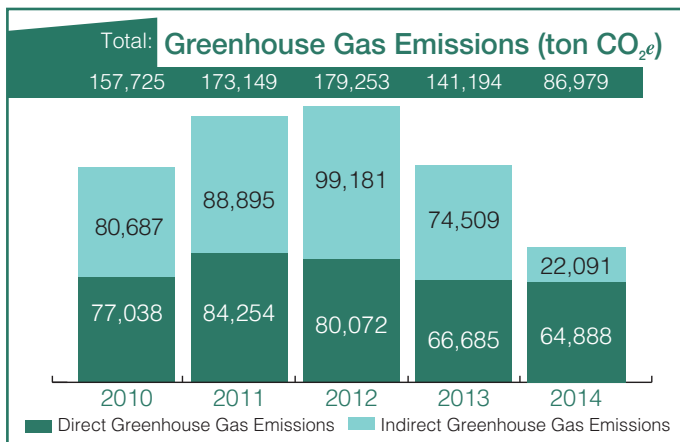
Objectives for 2014	Realization Status	Realization
To achieve 5% energy savings through energy efficiency projects and reduce our greenhouse gas emission.	√	An annual energy saving of 4.72% was achieved through 66 energy efficiency projects implemented.
To increase the purchasing rate of electricity generated from renewable sources to 75%.	√	We have increased the purchasing rate of electricity generated from renewable sources that was realized as 27.9% in the previous period, to the level of 78%.
To realize ISO 50001 Energy Management System Certification for overseas plants of Arçelik A.Ş.	√	China Washing Machine Plant, Russia Refrigerator and Washing Machine Plant and Romania Cooling Appliances Plant qualified to receive ISO 50001 Energy Management Standard certification.
To ensure the continuity of ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory Reporting Standard and ISO 50001 Energy Management System Certificates.	□	Our greenhouse gas emissions were verified by BSI in accordance with ISO 14064-1 Greenhouse Gas Reporting Standard. ISO 14001 Environmental Management and ISO 50001 Energy Management System audits, conducted by SGS, were successfully completed and certification continuity was assured.
√ : Project completed □ : Project in progress		

Objectives for 2015

- To achieve 5% energy savings through energy efficiency projects and reduce our greenhouse gas emission.

Combating Climate Change

We regard climate change as the primary risk for the sustainable future of our world and our company, we conduct intensive studies regarding the combat against this risk. As part of our strategy for combating climate change that we identify in accordance with our corporate responsibilities, we minimize our carbon footprint through energy efficiency practices and renewable energy source use, we conduct information studies to increase social awareness regarding the problem of climate change, we support effort to produce solutions by playing an active role in national and international initiatives.



We have reduced our total greenhouse gas emission by 38.4% as against the previous year. The purchasing of electricity generated from renewable sources at levels surpassing the targeted value (78%) and energy efficiency studies conducted during the reporting period were effective in this reduction. We have reduced our direct greenhouse gas emission by approximately 20%, our indirect greenhouse gas emission by 71% and our total greenhouse gas emission by approximately 45% since 2010, which is the base year.

With the practice we actualized for the first time in 2012 and whose scope we extended by including Bolu, Beylikdüzü and Söğüt Campuses in 2013 and Eskişehir and Ankara Campuses in the reporting period, we continued purchasing energy generated from renewable energy sources. The purchasing rate of electricity generated from renewable energy sources which was realized as approximately 1% in 2012, and 28% in 2013, was increased to the level of 78% in the reporting period, preventing 78,306 ton CO₂e greenhouse gas emission. Through energy efficiency projects we have actualized in 2014, a reduction of 4,047 ton CO₂e was achieved in our greenhouse gas emissions.

Emissions generated by our production activities are calculated and verified by an independent accredited institution since 2010 for the management of risks and opportunities regarding greenhouse gas emissions. With the "Scope 3 Emission Calculations (Logistics) Project" that we started in 2013 to expand our studies in this context, greenhouse gas emissions generated by the domestic logistics activities of Arçelik A.Ş. products were calculated and verified at the level of "limited assurance" by an independent accredited institution in 2014. The total of greenhouse gas emissions generated by the domestic logistics activities of Arçelik A.Ş. products in 2013 is 47,995 ton CO₂e.

We conduct atmospheric emission management works 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) emission which we have been measuring since 2006. We utilize ozone-friendly hydrocarbon based (R600a) refrigerant gases with low greenhouse impact in the refrigerators we manufacture. A total of 37 million refrigerators were manufactured with R600a as of the end of 2014.

In the reporting period, we have realized a first in Turkey by opening in Eskişehir the first recycling facility in Turkey which can collect CFC (chlorofluorocarbon) gases harmful for the ozone layer, that are found in old refrigerators, with a closed system.

With “Arçelik A.Ş. Supplier Carbon Footprint Project”, which we put into practice in 2014, in order to raise awareness regarding climate change, we calculated greenhouse gas emissions generated by the activities of suppliers that constitute the first stage of our products’ lifecycle. We sent to our suppliers, who were prioritized as part of the project, the “Arçelik A.Ş. Environmental Information Survey”, where information regarding stationary combustion, mobile combustion and chemicals causing greenhouse gas effect for 2013 is requested, and we calculated the emissions of our suppliers who provided sufficient information. We aim to continue this practice in the forthcoming periods and to increase the supplier feedback rate, which was realized as 44% in the reporting period.

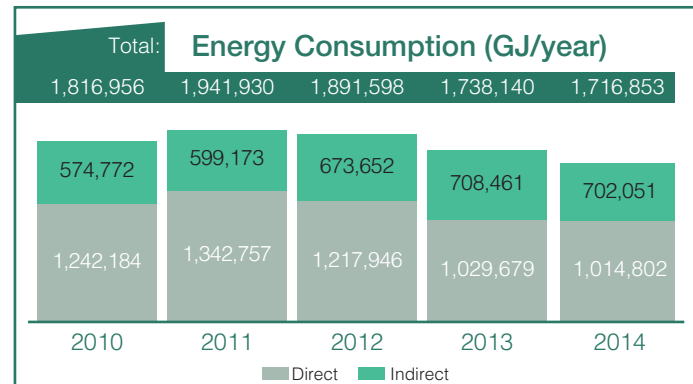
In accordance with our strategy for combating climate change, we continue to support efforts to produce solutions by playing an active role in national and international initiatives. We lead the Turkish Climate Platform, of which we are a member and the term spokesman. We became a signatory of the 2°C Communiqué, which draws attention to studies concerning climate change, in 2011; we participated in the World Climate Conference, which was realized in Durban in the same year, and in Doha in 2012, at the level of CEO; we shared our combating strategy and our works in this field with the public. We attended the World Climate Conference realized in Warsaw in 2013, and we actively participated in work groups at the Ministry of Environment and Urbanization ahead of the World Climate Conference realized in Lima in the reporting period.

The Carbon Disclosure Project (CDP), which reports how institutions manage the risks of climate change, water and deforestation and submits for the information of the public as well as international investors, is the world's most prestigious and prevalent environmental initiative.

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, achieved A performance score, which is the highest degree of CDP Performance Evaluation, and was entitled to be included in the “A List: CDP Climate Performance Leadership Index 2014”, which consists of companies with the best performance worldwide.

Energy Efficiency in Production

We determine the energy consumption levels at all the stages of our production processes, we query energy efficiency through periodical analyses, we identify areas open to improvement, and we design and realize projects that will increase energy efficiency in production. In this direction, during the reporting period, we have realized 66 energy efficiency projects in our Turkey operations and realized a yearly energy saving of 4,72*.



As a result of our studies aimed at reducing energy consumption and increasing energy efficiency, we achieved 40,170.32 GJ in energy savings, in the reporting period. During the same period, we supplied all of the directly consumed energy from nonrenewable sources and we increased the procurement rate of electricity generated from renewable energy sources in our indirect energy consumption to 78%, thereby recording a significant decrease in our greenhouse gas emission.

* In order to avoid the projection of production values onto energy saving ratio, the ratio of the total annual financial yields of the projects in the energy budget is calculated.

Some of the energy efficiency projects realized in the reporting period are as follows:

- **Transition from LPG Forklifts to Electric Forklifts**
An annual greenhouse gas emission of 251 ton CO_{2e} was prevented through the project of transition to electric forklifts realized at the Cooking Appliances Plant.
- **Servo Motor Application in Plastic Injections**
An annual electricity saving of 272,000 kWh was achieved and an annual greenhouse gas emission of 135 ton CO_{2e} was prevented through the servo motor application in plastic injection machines at the Refrigerator Plant.
- **Magnetic Annealing Furnace Heat Recovery**
An annual natural gas saving of 178,625 m³ was achieved and an annual greenhouse gas emission of 346 ton CO_{2e} was prevented through the recycling of the waste heat from the annealing furnace at the Compressor Plant.
- **Minimization of Pressurized Air Leaks**
An annual electricity saving of 229,167 kWh was achieved and an annual greenhouse gas emission of 113 ton CO_{2e} was prevented through the pressurized air leak controls periodically conducted at the Washing Machine Plant.

Energy Efficiency in Products

We do not limit our energy consumption and carbon footprint policies to the environmental impacts generated by our production processes, we design and produce our products by taking into consideration the environmental friendly impact they will generate throughout their lifecycle. We create a difference in our industry through our environmental friendly and energy efficient products, which emerge as a result of our leading innovation practices, and we obtain a significant competitive advantage. We consistently decrease the annual average energy consumption per product in all product groups, we continuously increase the share of new generation environment friendly products in production.

In the reporting period, we have allocated funds worth 36,595,759 TL for environmentally friendly product R&D investments and expenditures.

In the reporting period, we have increased the rate LED TV in total television production from 88% to 100% and the share of A++, A+ and A class energy efficient televisions in total production to the level of 98%. In the same period, we reduced the annual average energy consumption per product of the televisions we manufactured by 7.6% as against the previous year. We reduced the stand-by power consumptions of televisions from 0.5 W to the level of 0.3 W, thereby achieving 40% energy savings.

The International Energy Agency (IEA) announced that online electronic devices being used worldwide waste 80 billion dollar worth of electricity every year. Arçelik A.Ş. achieved savings equivalent to the total energy consumed by approximately 850 thousand A energy class refrigerators during a year thanks to activities aimed at reducing power consumption of products within the framework of harmonization with EU regulations regarding Standby, between the years 2009 and 2013, thereby contributing to the national economy and the environment.

We reduced the annual average energy consumption per product by 5.95% at our Cooking Appliances Plant, 0.6% at our Washing Machine Plant, 3.4% at our Dishwasher Plant, and 2.51% at our Dryer Plant as against the previous year. We increased the total production share of high energy efficiency products at our Washing Machine Plant and raised the rate of A class heat pumped products from the level of 19.52% to 24.27% at our Dryer Plant.

Some of the energy efficient products we have produced in the reporting period are as follows:

“The World’s Least Energy Consuming” Built-in Oven

The Built-in Oven which provides 45% energy saving in comparison to the A energy class is the world’s least energy consuming built-in oven. The product, which is also “The World’s Quietest Built-in Oven” with a sound power level of 45 dBa, minimizes heat losses through insulation optimization and special lid design.

“Worldwide Record Holder in Energy Efficiency” No-Frost Combi Refrigerator

The refrigerator which consumes 30% less energy than A+++ class is the record holder in energy efficiency in its category.

“High Energy Efficient” Tumble Dryer

The dryer, which consumes 10% less energy than A+++ class, is one of the least energy consuming dryers of Europe with its inverter compressor and variable-speed brushless motor technology. The machine, which has A class condensation efficiency with its special insulation design, emits a minimum level of moisture to its surrounding.

A+ 3D Smart TV

The A+ energy class television, whose production was began in the reporting period, has low level energy consumption.

“A+++ -%10 Energy Efficient” Dishwasher

The dishwasher, which achieves energy optimization through the special aluminum insulation application used exclusively by Arçelik and the closed fan drying system specific to Arçelik, consumes 10% less energy than level A+++, which is the most efficient energy class.

“A+++ -%50 Energy Efficient” Washing Machine

A washing machine consuming 50% less energy than A+++ energy class was developed and engaged.

Arçelik A.Ş. is going to support activities of the Efficient Appliances and Equipment Global Partnership Programme, conducted by the United Nations Environmental Programme (UNEP), which is at the stage of preparation. As part of this cooperation, which is a global “first” for Arçelik A.Ş., Arçelik A.Ş. and its subsidiary in South Africa, Defy, will contribute to steps of the project aiming at constituting policies regarding energy efficiency and environment, developing performance verification programs for energy efficient refrigerators, establishing a test laboratory and product control systematic, and raising awareness about energy efficiency and environment, in order to support the process of transition to energy efficient household refrigerators in the Republic of South Africa.

**Respect for Biodiversity**

We pay regard to the probable impacts of our activities on species and people in our operational geography, we manage all our operations in parallel with environmental risk analyses starting with the investment stage. We conduct feasibility works in the establishment stage of our new operation centers, we only go into operation in regions befitting our operations, and we take preventive actions that will keep species and people from being negatively impacted following the risk analyses and evaluations we conduct.

All our operation fields are located in areas determined to be appropriate for industrial production activities, 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. As a 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.

We not only preserve the species and nature in our operation fields, but also implement practices that will increase biodiversity around our facilities. We have continued our works, which we 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 the reporting period. We continued the cultivation of 8 bulbous plant taxons rarely and/or endemically growing in Bolu province that we took under preservation with the Endemic Plants study we have realized also at our Cooking Appliances Plant, in 2013. We afforested the surroundings of the areas under preservation, forming green spaces.



Use of Natural Resources and Waste Management



We conduct works to increase the efficiency of natural resource use, and realize integrated waste management practices to prevent waste generation at its source. We consistently increase the efficiency of our practices related to packaging waste management, we continue our works for the recycling of waste products which have completed their lifecycle. We continuously decrease the water consumption in our production processes through practices based on recycling and reuse, we design high technology products that pioneer in our industry with regards to water saving.

- √ We increased the recovery rate of non-hazardous wastes generated by our plants from 97% to 98.4% and the recovery rate of hazardous wastes from 97% to 99.7%.
- √ We reduced our total domestic and industrial waste water discharge by 13.6% as against 2013, through our water efficiency works.
- √ We achieved 200,358 m³ of water savings through the works we realized for efficient water use.
- √ We reduced our total water withdrawal by 2.5% as against 2013, through improvement works we have implemented in our plants in Turkey.

Integrated Waste Management

Through our integrated waste management practices, we increase our efficiency in raw material, material, water and packaging use, we continuously decrease our environmental impact with an approach that prevents waste generation at its source. Through studies we implement in accordance with the principles of reduction, reuse and recycling, we increase the recycling rate of wastes generated by our production processes, we ensure the recycling of products that have completed their lifecycles.

Objectives for 2014	Realization Status	Realization
Reducing water consumption per product by 3% in 3 of our plants through our works for the efficient use of water.	√	We have reduced water consumption per product by 10% at our Cooking Appliances Plant, by 11% at our Washing Machine Plant, by 27% at our Dryer Plant and by 11% at our Electric Motors Plant.
Conducting and developing integrated waste management operations.	√	We have conducted various waste reduction works in our plants and continued our practices within the context of the Recycling Project.
Conducting resource productivity studies.	√	We reduced our raw material and material consumption through efficiency practices we conducted at our plants.
Actualizing Arçelik A.Ş. Renewal Movement.	√	We actualized the campaign "Turkey's Largest Renewal Movement".
√ : Project completed.		

Our Objectives for 2015

- Reducing water consumption per product by 3% in 3 of our plants with the studies on the efficient use of water.
- Actualizing 3 projects aimed at reducing waste or improving processes at Arçelik A.Ş. plants.
- Organizing an environment-themed photography competition in order to raise environmental awareness within the company.

Efficiency in Raw Material and Material Use

We support our innovative and environmental friendly product development processes with resource efficiency work in our production processes, thereby keeping our raw material and material flow costs under control as well as minimizing our environmental impact. We consistently increase the rate of recycled materials in resource consumption, we develop projects to reduce the raw material and material costs per product in our production processes.

Some of the resource efficiency works we have realized during the reporting period are as follows:

At our Electronics Plant;

- A saving of 100 gr per product in plastic use was achieved with the new stand designed for 40 – 48 ARTEMIS model televisions. Through this improvement, 43,690 ton of plastic raw material was saved.
- A saving of 90 gr per product in plastic use was achieved with the new wall mount kit designed for the same models. Through this improvement, 51,315 ton of plastic raw material was saved.

At our Dryer Plant;

- The A++ energy class Super Eco machine and A+ energy class 54 cm HP machine, which were engaged in the reporting period, contain coolant that causes less greenhouse gas emission than previous designs. Thanks to the new designs, an improvement of 12% in A+ products, and 42% in A++ products, was achieved in the amount of cooler fluid per product.

Raw Material and Material Consumption Amounts in Plants at Turkey

Raw and Material Consumption Amounts by Type (ton)	2011	2012	2013	2014
Plastic Raw Material	73,493	108,076	107,600	82,935
Metal Raw Material	295,863	290,929	304,061	239,209
Materials*	304,404	354,080	407,147	400,544
Chemicals**	7,479	8,136	74,583	79,128
Total	681,431	761,221	893,391	801,816

* The figures stated cover every kind of material turning into a part of the finished product including semi-finished materials and insulation materials.

** The figures stated include adhesives, lubricants, paint, enamel, operational and all other kinds of chemicals. Chemicals such as treatment chemicals, boiler chemicals, liquid seals etc. are included in these figures.

Wastes From Production Processes

We conduct works to reduce wastes occurring during our production activities at the source, we minimize our environmental impact by constantly improving our waste management performance. We classify the wastes generated at our plants, we collect them separately by waste type, in accordance with legal regulations, we transport them with licensed transportation vehicles again by waste type and carry out their recovery or disposal.

We make a tremendous effort to recover the wastes generated at our plants, we continuously improve our performance in this field. In the reporting period, we have increased the recovery rate of nonhazardous wastes from 97% to 98.4% and that of hazardous wastes from 97% to 99.7%.

Wastes by Type and Disposal Method (ton)

	Recovered	Disposed	Recovery Ratio (%)
Hazardous Waste	3,223	10	99.7%
Non-Hazardous Waste	115,715	1,879*	98.4%
Total	118,938	1,889	98.4%

* Mainly domestic waste that cannot be recycled.

Some of the waste reduction works realized at our plants during the reporting period are as follows:

At our Electric Motors Plant;

- The amount of hazardous waste per product was reduced by 5% compared to the year 2013.
- As part of the study started to reduce cutting fluid emulsion wastes, which constitute 50% of hazardous wastes, an improvement of 3% as against 2013 was achieved by conducting concentration tracking and monitoring tank alteration periods.

At our Dryer Plant;

- The paint shop preprocess zinc phosphate coating process was replaced with M-NT 2011 process and the phosphate sludge waste generation, which occurred at around the level of 7 tons previously, was canceled out.
- With the same project, the amount and kinds of chemicals used in preprocess baths were reduced. This, in turn, reduced the waste water load, thereby also reducing the cost of chemicals used at the waste water treatment facility and enabling a 5-ton decrease in the amount of treatment sludge.

At our Cooking Appliances Plant;

- The waste enamels coming out of the ovens in the enamel department were determined to be reusable under proper circumstances and their reuse was ensured. In this way, savings in enamel raw material consumption were achieved, as well as a 20-ton reduction in waste generation.
- The positioning plans of the guns located in powder coating cabins were changed; the amount of waste powder was reduced by 5-40 kg per day by sealing off the gaps causing a leak.

At our Washing Machine Plant;

- The production of products of different colors was combined and a new screen investment was made; by this means the dye accumulation on the screen in the powder coating cabin was reduced to the level of 0.09 kg/product.
- Various activities regarding the reduction of wastes generated at the plant were realized and the total waste amount was realized as 4.55 kg/product.

Recycling Project

Arçelik A.Ş. participates in the "Recycling Project", started all across Koç Group in 2010. The project, conducted by Koç Holding within the context of its Global Recycling Network membership, aims at raising awareness regarding recycling among group employees and collecting and recycling paper, glass, metal and plastic wastes at a common standard. In the reporting period, approximately 10 tons of household glass waste, 42 tons of paper, 0.61 ton of metal waste and 4.18 ton of plastic waste were collected at Arçelik A.Ş. facilities.

Use of Packages and Packaging Waste Management

Package use and packaging waste management constitute another issue we deal with as part of environmental sustainability. Besides reducing the environmental impacts of our production processes and products, we effectively manage packaging practices and packaging waste processes, in an effort to minimize our environmental footprint. In this regard, we opt for recyclable and more environmentalist packaging materials, we develop projects for reducing packaging material consumption and resource use. We focus on increasing reuse and recycling, we design the packaging volume and weight of our products so as to generate minimum waste.

All our product packages are fully recyclable. 60% of the cardboard packages used in the reporting period consists of recovered cardboard.

Packaging Types Used for Our Products

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

In the reporting period, forest products consumption (fir tree) was reduced by 73.7% as against the previous year, to the level of 116.1 tons, through improvements realized in the packaging design of our products at our Dryer Plant.

Reuse, Recycling and Disposal of Products

In accordance with our environmental responsibility understanding taking account of our products' whole lifecycle, we recycle waste electric and electronic devices, fulfill the requirements of ISO 14001 Environmental Management Standard, and play a pioneering role in national and international initiatives in this field. We produce products with high recyclability rates, we take back products that have completed their lifecycle from our consumers through widespread collecting mechanisms, and we reuse, recycle and dispose of them at our recycling facilities.

Through the collecting and recycling mechanisms we constitute, we ensure the compliance of the products we put on the market with the WEEE Directive (Waste Electrical and Electronic Equipment Directive). We provide volunteering support for and participate in studies to achieve harmonization in markets outside the European Union, with the WEEE Directive complied with by European Union member nations.

We continue to meet the requirements of the Regulation for the Control of Waste Electrical and Electronic Equipments (WEEE Turkey), which entered into force in 2012. In the reporting period, we realized a first by establishing two recycling facilities in Bolu and Eskişehir as part of WEEE.

Refrigerators, coolers and air conditioners are recycled at the facility established in Eskişehir, in a 2,000 m² closed area, in accordance with the international Recycling Facility standard (EN 50574) and the WEEE Regulation. This facility is the first recycling facility in Turkey with the capacity to collect CFC (chlorofluorocarbon) gases harmful to the ozone layer, found in old refrigerators, through a closed system. At the other recycling facility established in Bolu in a 2,160 m² closed area, large white goods other than refrigerators, coolers and air conditioners, as well as small household appliances are recycled.

The facilities came into operation near the end of 2014 and started recycling products. Through these operations, the electricity consumption of old products with high energy consumption was also prevented, providing an energy saving of 8 GWh/year in total. While most of this gain was due to recycled refrigerators, the acquired results ensured a contribution the national economy equivalent to the annual electricity consumption of 21,400 A+ energy class refrigerators. The energy savings realized by the two facilities from their engagement until 2014 yearend is equivalent to the annual energy production of an 8 MW wind plant, which corresponds to 1 wind turbine in average.

Use of Natural Resources and Waste Management

There are “Recycling Centers” aiming to encourage reuse and ensure resource efficiency in all our plants.

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

We continued the “Market Transformation of Energy Efficient Products” project, which we have started in 2010 together 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, Turkey White Good Industrialists’ Association (TurkBESD), Ministry of Industry and Commerce and Electric Works Etude Administration, in the reporting period.

We aimed to speed up the market transformation of electric household appliances consuming less energy and thereby reduce the electric energy consumption and related greenhouse gas emissions in households in Turkey, through the project we have continued with “Turkey’s Largest Renewal Movement” practice. As part of the practice, where we took the old white goods, televisions and computers from consumers and offered discounted environment friendly Arçelik, Beko and Grundig products to them, we realized the recycling of products that have completed their lifecycle, besides achieving energy savings and emission reduction.

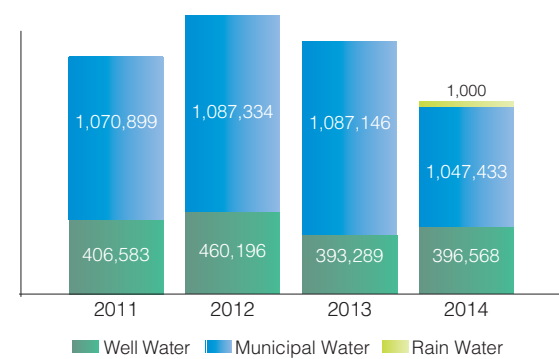
* Only water efficiency projects' savings are included. Circulation water in the closed systems is not included.

Use, Recovery and Discharge of Water in Production

We conduct works to reduce water consumption in our production processes, we design processes focused on the recovery of used water. As a result of our recovery studies, we continuously reduce both our water consumption and the amount of water we discharge, we keep values regarding discharged waters under the legal limits through regular controls and waste water treatment activities.

We have reduced our total water withdrawal by 2.5% as against the previous period through improvement works we have realized at our plants in Turkey during the reporting period.

Total Water Withdrawal by Source (in m³)



The total amount of saved, recycled, recovered and reused water amount during the reporting period is 200,358 m³.*

Some of the works realized in 2014 aimed at reducing water consumption and reusing water are as follows:

A total of 49,000 m³ water savings was achieved in 2014 through water consumption improvement works realized at our **Electronics Plant**.

The hot bath in the degreasing bath at the enamel department of our **Cooking Appliances Plant** was replaced with a cold, thereby reducing the amount of water lost by vaporization.[2]

Besides, the frequency of the bath discharge (water renewal) operation was decreased in order to save water.

With the “On-Site Water Recovery, Minimization and Integrated Water Management in Cooking Appliances Production Project” realized in collaboration with Istanbul Technical University (ITU) as part of university-industry cooperation works, process waste waters generated during production and rain waters were recovered through advanced treatment technology. The project is expected to help recover 110,000 m³ of water, which is equivalent to 38% of the total annual water consumption of the plant. The total amount of water recovery realized by the project in the year 2014 is 1,484 m³.

A total of 117,357 m³ water savings was achieved at our **Washing Machine Plant** through water saving, water reuse and recovery studies. The details of the projects are as follows:

- The recycling facility for biological treatment facility exit waters and rain waters continued operating with the support of Istanbul Development Agency (ISTKA), the water consumption per product was reduced by 7% as against 2013 thanks to the project. A collecting pond, where treatment facility exit waters and rain waters collected from the roofs of the three buildings are accumulated, was constructed as part of the project.
- The wash waters of the manganese filters, RO and other filters at the water conditioning facility are being recovered at the wastewater recycling facility.
- The ion exchangers used to obtain pure water are fed with RO production water rather than municipal water. The amount of RO production that is not withdrawn from internal production is fed with pure water ion exchangers.

3,030 m³ of water was saved through the reuse of cooling water, 376 m³ through the reuse of the running water of heating boilers at our **Dishwasher Plant**. Also, 500 m³ of stored rain water was used for garden irrigations.

Approximately 40% of water saving was achieved at the paint shop in our **Refrigerator Plant**. Cascade system was put into use, decreasing costs from 400 ton/day to the level of 200 ton/day. The water saving achieved through the project in 2014 is 21,333 m³.

Approximately 3,006 m³ of water savings was achieved at our **Compressor Plant** through improvements that were realized.

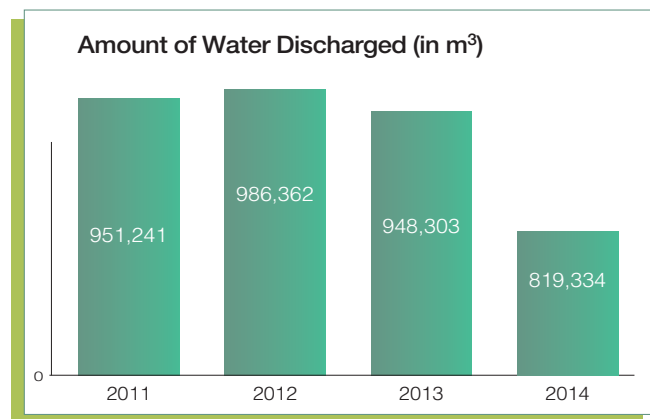
A reduction in water consumption was achieved through water saving and reuse projects realized at our **Electric Motors Plant**.

- 2 cooling towers, instead of 4, were used during winter months, reducing water vaporization and blow down amount. The blow down period was extended in accordance with chemical analyses and an annual water consumption of 750 m³ was achieved in total.
- An annual water saving of 10 m³ was achieved by improving watery boron oil emulsion concentrations in home production machining tools.

A total of 3.512 m³ water savings was achieved in the reporting period through the water saving and reuse studies realized at our **Dryer Plant**.

- A total of 3,500 m³ water savings was achieved through improvements made in the lines as part of the maintenance works conducted during the reporting period.
- A 3 m³ pool was deactivated and the change period of the baths was extended with the transition to nanotechnological surface coating in the home production paint shop process, achieving 12 m³ in water savings.

Thanks to the water efficiency works conducted in the reporting period, the total household and industrial wastewater discharge of our plants in Turkey was reduced by 13.6% as against 2013.



In order to protect the water sources and biodiversity in our regions of operation from negative impacts, we exhibit a performance surpassing the waster discharge standards determined by legal regulations. We control the compliance of the waters we discharge with the standards through periodical analyses, we ensure that they are treated in chemical and biological treatment facilities we have constituted in accordance with the discharge standards of wastewaters and the characteristics of the exiting water. According to the analyses we conducted during the reporting period, the COD (Chemical Oxygen Demand) values of the waters discharged by our plants were considerably lower than the legal limit values.



COD Values of Discharged Water at Plants* (mg/l)					
Plant	2011	2012	2013	2014	COD Legal Limit Value **
Cooking Appliances	39	50	30	11	100
Dishwasher	107	164	48	203	1,000
Electronics	51	45	<10	35	600
Refrigerator and Compressor	<30	19	<30	53	100
Tumble Dryer	30	200	360	120	1,000
Washing Machine	40	130	180	206	600

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

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

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

Project for recovering Dishwashing Machine Plant biological wastewater treatment exit waters and rain waters: The facility for recovering biological wastewater treatment exit waters and rain waters continues operating with the support of Istanbul Development Agency (ISTKA). Water consumption per product was reduced by 7% as against the year 2013, thanks to the project.

Recovery of Washing Machine Plant water conditioning facility wash waters: The wash waters of manganese filters, RO and other filters at the water conditioning facility are disposed of at the wastewater facility and recovered.

Project for on-site process water and rain water recovery, reduction and integrated water management at Cooking Appliances Plant: This project, which was realized in collaboration with ITU as part of university-industry cooperation works and received TUBITAK TEYDEB 1505 incentive, aims at recovering process wastewaters generated during production and rain waters through advanced treatment technology. The project has started. 110,000 m³ of water is expected to be recovered upon the system's engagement.

Reduction of chemical consumption at Cooking Appliances Plant wastewater treatment facility: Treatment chemicals were altered in order to reduce the chemical consumption at the wastewater treatment facility and the amount of treatment sludge generated. Following the study, chemical consumption per unit water was reduced by 90% and 60% water savings was achieved.

Water Efficiency in Products

Water consumption due to the use of our products constitutes a significant part of our environmental impact area. In accordance, we allocate extensive funds to environment friendly product design every year, we develop products that lead our industry in water efficiency.

"A+++ -50% Energy Efficient" Washing Machine, which we developed during the reporting period, provides energy savings, as well as water savings by determining the amount of needed water with absolute accuracy by way of its sensitive sensors.

A++ Arçelik 6385 Dishwasher contributes to environmental protection with its 6-liter water consumption. The machine with A++ energy performance, which allows for washing dishes in the most economic way, can wash pots and pans with high pressure water in the lower rack, while washing fragile glasses with low pressure water in the upper rack at the same time with its Mixed Program. The machine has 8 washing programs; the Automatic Wash Program analyzes the dirtiness level of the dishes with a sensor and automatically sets wash water temperature and washing duration. By this way energy and water is saved. The Half Load Wash Feature allows for washing dishes in small quantities whether in the lower rack, or the upper. The Extra Fast Function shortens the washing duration of the existing programs by up to 50% without compromising on washing quality.



Sustainability Management in Value Chain



We manage a large value chain from product development to raw material supply, to storage and distribution to our dealer and service network; we are looking for ways to enhance our social, environmental and economic performance through projects and practices that we actualize in all the stages of our value chain. We evaluate our sustainability performance without limiting it to our production processes, we also act with an understanding that takes account of all steps of product life cycle. We continue to be by our consumers' side with our efficient after sales services, we make a tremendous effort for the satisfaction of all our stakeholders.

- √ We continued expanding our supply chain, we worked together with a total of 1,480 suppliers, of which 587 in Turkey and 893 in overseas operations.
- √ 45.5% of our purchases were made from local suppliers.
- √ We were entitled to receive the CIPS Corporate Certificate that ensures excellence in purchasing management, held by around 130 companies worldwide.
- √ As a result of the audits conducts in our storage and distribution operations, we received ISO 28000 Security Management Systems certificate for our Supply Chain.



Innovative and Superior Technology

In line with our company's vision "Respects the Globe, Respected Globally", sustainability has a very important place in our R&D strategies. The issues emphasized the most in our studies are for the technologies we develop and the products we offer to our customers' use an output of these not to have harmful effects for the environment, the use of recyclable materials, products consuming less natural resources, such as energy and water and to have minimum sound level.

As Arçelik, we determine the needs and expectations of our customers through market researches, we reflect the results on our products and we evaluate innovative ideas in order to develop products and services that will meet consumer expectations in the best manner and even exceed them. We continuously enhance our sustainable competitive power through the technological competence brought about by our long-established R&D experience with our 7 R&D Centers, R&D offices in METU Teknokent and Taiwan and over 1000 employees. We continue our R&D studies aimed at products that consume less energy and water, rely on renewable energy resources, do not harm the environment and are produced with recyclable materials. We take different consumer expectations into consideration in different geographies in our studies for new product development, we continue to add value to our customers' lives with products specific to different markets.

We act in accordance with our Corporate Risk Management understanding when determining our short, mid and long term R&D strategies; in parallel, we determine strategy and activity plans to be followed in case any risks are actualized, through a risk plan that we evaluate and form together with all stakeholders at the start of the project for project-based risks.

In 2014, we have received many awards in the fields of advanced technology and innovation.

- * In addition to the "R&D Leadership" and "Leadership in Technology Development" awards received at Turkey Innovation Week, organized for the 3rd time in 2014 by Turkish Exporters' Assembly, we were also deemed worthy of the first prize in the category of "Innovation Strategy" at InovaLIG Innovation Leaders Program Award Ceremony, the first innovation development program of Turkey.
- * We won the "Innovation Grand Prize" at the Young Turkey Summit activity, organized with the participation of 3,000 university students from universities in 165 countries and 81 provinces of Turkey, with the main theme of "Think Innovatively, Manage the Future", and with the strategic partnership, accumulation and cooperation of Yıldız Technical University, Turkish Ministry of Youth and Sports, Turkish Ministry of Science, Industry and Technology, Istanbul Metropolitan Municipality, Turkish Exporters' Association and Istanbul Chamber of Commerce.
- * We won the 'Jury Special Prize' with the "Enhanced User Interfaced and Multi-Application Network Connected LED TV (Enhanced Connected TV)" at the Innovation Creativity Awards, organized for the 12th time in 2014 by TESID.
- * We won two prizes at the "Energy Efficiency in Industry" (SENER) Project Competition organized annually by the Ministry of Energy and Natural Resources at the Energy Efficiency Forum and Fair. We were considered worthy of the "Most Efficient Product" award in the "Energy Efficient Product" category with "A+++ -10% dryer", and of the Jury Special Award in the category of "Most Efficient Industrial Facility" with the Dishwasher Operation.

We protect our R&D and innovation studies that reinforce our competitive power through patents. We continue to account for more than one third of the international patent applications made to the World Intellectual Property Organization from Turkey. We continued to be the first by a long way in the ranking of companies with the most national patent applications in 2014 published by the Turkish Standards Institute. In 2014, we carried our patent application number, which has consistently increased over the years, one step further and we crowned our success with 251 patent applications that we made. We also continued the success in the area of intellectual property, which we have attained at home, in the international area. We continued, for the last six years, to be the only Turkish company included in the first 200 companies of the list of the “first 500 companies with the most patent applications” published by World Intellectual Property Organization.

We have continued in the reporting period the “Invention Day” activity, which we traditionally organize every year in accordance with the importance we attach to innovation works as Arçelik A.Ş. We awarded inventors, who have succeeded in producing technology and developing innovative products, with the activity we have organized for the 16th time in 2014.

Among the innovative products we have offered to our consumers in the reporting period are a washing machine with the CoolHygiene® technology that provides perfect hygiene even at 20°C, as well as 70% energy savings, a dishwasher with Auto GlassShield® technology that prolongs the life of glasses more than 20 times, a refrigerator with NeoFrost™ technology that cools faster and provides two times as much humidity and with an Everfresh+® section that provides freshness for up to 30 days and a refrigerator with HomeCream® ice cream making feature. Apart from these, some of the prominent products we have developed in consequence of R&D studies in 2014 are as follows:

The world’s least energy consuming heat pump dryer:

The Tumble Dryer with inverter compressor heating technology, which consumes 10% less energy than A+++ energy class, is one of the least energy consuming dryers of the world in the 8 kg class.

The world’s quietest washing machine: 1200 RPM 8 kg capacity washing machine that was tested by VDE was determined to be the quietest product measured in this class, also in 2014. As a result of studies conducted with Dresden University and SLG, A sound quality was achieved both in the washing and wringing steps in 2014, for the first time in the world. Also, in 2014 our 7 kg 1400 RPM and 8 kg 1400 RPM machines took their places among the world’s quietest washing machines in their own classes.

The world’s quietest condenser dryer: Our condenser dryer that features as “The World’s Quietest Dryer” with 60 dBA was measured by SLG Institute as a result of the studies we conducted in 2014 and received “A” sound quality certificate for the first time.

Innovative built-in oven: In 2014, built-in ovens rated A+ and A++, which is the world’s lowest energy consumption level, according to the new energy standard for ovens were developed and approved by VDE. In relation to sound power level in Built-in Ovens, we still hold the title “The World’s Quietest Oven” with the value of 41 dBA. Our accessory for making different styles of yogurt in domestic type ovens and for making fresh cheese in the oven, which is a first in the world, was designed and its algorithms were developed.

Innovative refrigerator: In 2014, works regarding our No-Frost combi type refrigerator with an A+++ -20% energy index value, which was also offered last year, were continued and an energy level of A+++ -30% was achieved. Our static combi type refrigerator with an energy index value of A+++ -30% and our Side by Side products were exhibited together with this product at the IFA fair. Our products, which are the world’s least energy consuming No-Frost and static combi models, consume 72% less energy than A class and include advanced applications such as vacuum insulation panel, variable speed compressor and enhanced heat exchangers.

Innovative washing machine: Thanks to the works conducted on the washer-dryer with 9 kg washing and 6 kg drying capacity, its energy level was reduced to A-10% and its existing water repellent finishing program was developed to bring in the features of water based stain repellent and softness to the textile.

The world’s most energy efficient compressor: Studies for developing hermetic compressors with a cooling coefficient of performance (COP) of 2.04 WW were completed in 2014. With this COP value that reaches the declaration conditions of Standard ASHRAE (American Society of Heating Refrigeration and Air Conditioning Engineers), the world’s most energy efficient compressor prototype was prepared.

Eco-innovative Products

We conduct many projects for developing eco-innovative products. Projects aimed at increasing energy efficiency, reducing water consumption, reducing the level of sound power and developing recyclable materials constitute a significant part of our portfolio. For instance, we are continuing our R&D activities for the production of the filling material of vacuum insulation panels used in Arçelik refrigerators from biogenetic recyclable materials. Besides, the issue of eco-innovation is also one of the primary topics for the European Union. As Arçelik, we participated in international projects realized in this area at the 7th Framework Program conducted by the European Union between 2007 and 2014. From among these projects, the Bugworkers project, completed in 2014 and aiming to develop innovative, cost effective and environmentally friendly bio-nano composite materials, was conducted in collaboration with 15 partners from 9 different countries in Turkey, 9 of which are SMEs, 2 large-scale companies and 4 research institutes. The material developed as a result of this project is aimed to have wide usage both in the white goods and in the computer and telecommunication industries.



National And International Collaborations

At Arçelik A.Ş., we reinforce our R&D activities on the national and international level through projects, platforms and funds. We develop strategic partnerships with universities and research centers specializing in R&D activities, we play an active role in various entities. We serve as a model for other companies in Turkey with the collaborations we develop domestically, our open innovation principles and our practices in this field. Alongside cooperation works with our national universities, we also conduct works to increase collaborations with universities abroad aiming to reach knowledge at its source. We have formed cooperation with universities and research institutes in countries such as USA, China, England, Germany and Holland.

As part of works to establish a common laboratory with universities that we also continued in 2014, we have launched the Experimental and Digital Hydromechanics Laboratory at ITU Faculty of Mechanics to work on Santez and TUBITAK projects together. A laboratory, where research studies on textile washing and drying will be conducted, was opened within the body of ITU Faculty of Textile Technologies and Design. Also, a joint Santez project was started together with ITU MEMTEK Institute. Works in the fields of innovative compressor technologies and coating materials are continued together with Koç University as part of Santez program.

In the reporting period, we continued our works as part of Horizon 2020 Program, EUREKA and 7th Framework Program. With 12 continuing and completed projects, we became the company with the most project in the private sector in Turkey, as part of the 7th Framework Program conducted by the European Union between 2007 and 2014. Besides, we started 3 new projects, "UltraHD4U-

End-to-End 4K Ultra High Definition Television for Europe", "SHINE – Development of Heat Reflecting Internal Surface Coatings Aimed at Reducing Energy Consumption in Ovens" and "M2M Grids Project – Inter-Machine Cyber-Physical Information Ecosystem", that were accepted in the Eureka program in 2014.

Dresden University in Germany is conducting studies on the human hand, eye and ear sensations regarding product sound quality. At the 2014 IFA fair, refrigerator (1200 RPM, 8 kg), refrigerator (static combi) and dryer (condenser 8 kg) products were offered with "A" sound quality. These products were tested by the independent SLG institute located in Germany and certified with "A" sound quality.

In 2014, we became a member of the Strategic Technology and Innovation Management Consortium (STIM) within the body of Cambridge University. With this membership, we aim to expand the network of research and cooperation with the Technology Management Center within the body of Cambridge University as well as members of the consortium.



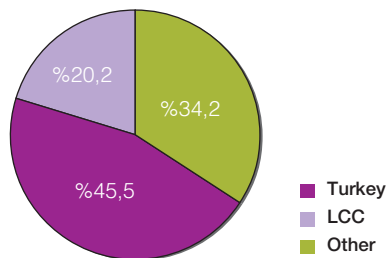
Responsible Purchasing

We manage a global purchase organization with our offices located in 6 different countries and over 150 employees. We act with a purchasing volume of approximately 7 billion TL, including raw material, worked metal and plastic materials, indirect material and service purchases, as well as investment goods purchases. We manage various risks and opportunities directly impacting our costs and competitiveness such as developments in raw material markets, changes in parities and local economic fluctuations in our geography of supply, we actualize pioneering purchasing practices in order to ensure the sustainability of our business.

In line with our vision “Respects the Globe, Respected Globally”, we work with supplier respecting the human and the environment, we consistently improve the sustainability performance of our vast and strong supplier network, thereby securing the sustainable development of the ecosystem we have formed throughout the years. We make a tremendous effort to disseminate our corporate culture among our suppliers, we continue expanding the scope of our supplier development and auditing practices.

We manage our purchasing processes with an approach focusing on local supply and purchases from Low Cost Countries (LCC). We continue to increase the share of LCC purchases, which we realize in order to increase cost competitiveness, in our total supply. In accordance with our principle of local supply, we continue to contribute to the local economies in our operational geography, we consistently improve our positive indirect economic impact. In the reporting period, we worked with a total 1,480 suppliers, of which 587 in Turkey and 893 in operations abroad.

Local Supply and LCC Breakdown



Efficient auditing mechanisms, supplier development practices and transparent and active supplier communication form the building blocks of our purchasing processes respecting the human and environment. We ensure that our supplier candidates conduct a self-evaluation in the issues of business ethics, environment

and occupational health and safety during the self-evaluation processes, realized through the Supplier Portal, that constitute the first phase of our auditing practices, we repeat this process once a year for our existing suppliers. We emphasize our sensitivity regarding these criteria in the agreements we make with suppliers deemed appropriate, we specify sanctions including the termination of the agreement in cases of noncompliance.

As part of supplier audits, which constitute the second phase of our auditing practices, we take into consideration criteria regarding business ethics, environment and occupational health and safety besides quality controls. We form development plans for our suppliers in accordance with the performance evaluations we realize subsequent to the audits, we monitor materialization through follow-up audits and supplier visits, we cutout suppliers upon repeated failure.

In 2014, 312 companies, which constitute 21% of the number of our total active suppliers, have conducted self-evaluation. In the same period, 436 suppliers, which constitutes 30% of our active suppliers, underwent audits and all of these suppliers completed the audits successfully.

We help enhance the infrastructures and technical competences of our suppliers and accompany their sustainable development with Sub-Industry Development Department. In this regard, a total of 1,200 supplier visits were realized.

We consistently develop the sustainable performance of our suppliers with the target-based supplier management understanding, we gain mutual profits through productivity projects we conduct, we encourage their development in this direction through rewarding practices. During the reporting period, 140 productivity projects were conducted with 90 suppliers. In the same period, we gave performance awards in the areas of quality, logistics, technical competence, cooperation and productivity to 9 suppliers, and a special prize to 2 suppliers.

We provide trainings for our suppliers in operational and economic topics such as process competence, time study, state subsidies, energy efficiency, productivity; we support the sustainability of their businesses. In the reporting period, we have provided our suppliers within our Turkey operations with 1,557 man*hour training in technical and economic subjects.



CIPS Certificate

Our Purchasing Directorate applied to receive “CIPS Corporate Certificate” in order to achieve excellence in purchasing management and it was considered worthy of receiving CIPS Corporate Certificate, held by approximately 130 companies worldwide, in March 2014, subsequent to the audits conducted by CIPS (Chartered Institute of Purchasing & Supply). Since our existing purchasing policies, processes and practice examples already satisfied expectations, we have completed the process in a short time and succeeded in becoming one of the fastest companies to receive certification in the CIPS certification process.

Arçelik A.Ş. purchasing processes were evaluated in 5 the main groups of ‘Leadership and Organization,’ ‘Strategy,’ ‘Human,’ ‘Process and Systems,’ ‘Performance Measurement and Management’ and according to 110 different criteria in the evaluation conducted by the company CIPS. In 5 of the 110 criteria, the compliance of suppliers with business ethics rules and the responsibilities of Arçelik A.Ş. in this issue were also reviewed and deemed to be a successful process.

In order for our dealers to work efficiently and to increase overall success, we announce all our retail practices to them through circulars and/or dealer notes, we carry out the control of the announced practices and campaigns through our sales teams. We organize the applied “Trade Show Product Promotion and Training Gatherings” regarding different product groups with regular intervals, to provide information about current product features. While introducing product features, we ensure that our features such as energy, water efficiency and low noise level that add value to the society and environment, which bring us to the forefront in the competition, are communicated and adopted. We feed this information with product experiences, competitive information workshops, the most current exhibition stands, thereby ensuring that the trainings serve the whole of retail. Besides contributing to the increase in sales, we also ensure that our vision “Respects the Globe, Respected Globally” is adopted by all dealers and dealer employees through the trainings.

We bring our successful dealers together with the company senior management with “Authorized Dealers Meetings” organized annually, we evaluate the operating period and reward our successful Authorized Dealers. As part of our communication practices aimed at our Authorized Dealers, we pay visits to all our dealers, once a month through dealer directors, and once every two months through regional directors. We bring our dealers together with our company employees with regular intervals at the regional dealer communication groups we form, we listen to the experiences of dealers in the field, we discuss retail practices. We organize regional authorized dealer meetings with participation at the level of director from our administrative level, we listen to the demands, expectations and needs of the dealers and we inform them regarding the corporate perspective, current economic situation and opportunities.

Our Distribution and Authorized Dealer Network

We reach our consumers through a total of 3,600 authorized dealers in all 81 provinces throughout Turkey, we are looking for ways to consistently develop our distribution and authorized dealer processes, which constitute one the main legs of customer satisfaction. We continuously enhance the knowledge, skills and competences of our distribution and authorized dealer network through our training and development practices focusing on distribution optimization and dealer network activity, we improve our performance in this area by acquiring feedbacks through active communication mechanisms.

Responsible Product Storage and Distribution

Responsible Product Storage and Distribution
We strive to extend our sustainability understanding throughout all the stages of our value chain, we consistently reduce our environmental impacts generated by our product storage and distribution processes in this regard. Some of the environmental practices we actualized in our warehousing and distribution operations in the reporting period are as follows:

- With the 'Dynamic Routing' practice we started in our Turkey operations, we realized optimal route planning in distribution, we achieve high vehicle fill rates by loading product groups with matching dimensions. By this means, we complete our logistics operations with fewer number of deliveries and increase process efficiency; we eliminate workforce, cost and time losses due to storage and transit shipping while also reducing our greenhouse emissions. In the reporting period, we have increased the number of orders included in the Dynamic Routing practice in export operations.
- In accordance with our environmental sensitivity, we make use of the maritime as our primary transport mode in the export operations we conduct from Turkey. Also in the domestic transportations from arrival ports to the end user, we prefer environmental options such as railway or river transportation at potential locations. In the reporting period, we have realized 81% of our export by maritime, 16% by land and 2% by rail; besides we changed 5% of our land transportation to Intermodal where sea, rail and land transportation is used together.
- We have increased the number of Dealer Shared Warehouses, which we engaged in 7 provinces in 2012 and increased to 8 in 2013, to 10 with Diyarbakır and Istanbul European Side warehouses, which we put into use in the reporting period. We plan to extend the scope of the project that reduces carbon emissions by reducing the distance covered by products.

- We send back package materials such as waste cardboard, polystyrene, nylon, wooden palette, wooden bracket from our warehouses to our plants, enabling their reuse; thereby we reduce both our costs and our waste amount.
- We rely on electric forklifts for handling in the warehouses, which minimizes our level of emission due to warehouse handling processes.
- In 2014, we have calculated the greenhouse gas emissions generated by the domestic logistics activities of Arçelik A.Ş. products with the "Scope 3 Emission Calculations (Logistics) Project" we started in 2013.

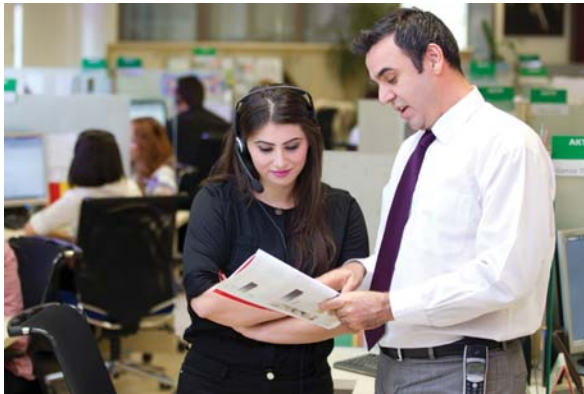
In the reporting period, we decided to enhance the Secure Supply Chain practices; we started on the operational level with ISO 28000 Security Management Systems for the Supply Chain standard. Our aim is to ensure the security of our international transportations, and protect our employees, products and brands throughout our supply chain. During the period, we have completed physical improvements in all export warehouses and distribution centers, we formed a continuous improvement oriented management system with feedback mechanisms in every stage of the supply chain. In consequence of the audits, which were conducted at Arçelik A.Ş. warehouses and campuses and ended in November 2014, Arçelik A.Ş. Supply Chain realized yet another first in Turkey and qualified to receive the accredited ISO 28000 certificate.

After Sales

We continuously carry our customer and consumer satisfaction level one step further through services we describe as “After Sales”, we look for ways to enhance the performance of our authorized services and call center in light of stakeholder feedbacks. Within the context of our authorized service network, which is the largest service network in Turkey, we carry out over 13 million services annually with 11,300 staff, of which 5,400 technicians, at 533 points. We ensure the development of our call center through communication practices that lead our industry, we fulfill the requirements of our strategy of existing in all domains where consumers are active, through online sales and social media practices.

In order to enhance our level of quality and customer satisfaction, we implement a performance system throughout our Authorized Service Network. As part of the system, which consists of measurable criteria and is implemented on the basis of authorized service/technician, we share performance results with our authorized service with three-month periods. We prepare development and activity plans for areas determined to be open to improvement, we implement a premium system constituted according to performance results in order to improve the effectivity of the system.

We listen to our consumers’ suggestions, demands and complaints through our Call Center, which offers continuous services to our consumers 24/7 at 444 0 888, we evaluate their feedbacks within the shortest time and we continuously improve our consumer satisfaction performance. The center, which provides solutions by conveying customer feedbacks to the relevant units in our organization, also provides important inputs for the development of new products and services, including consumer suggestions and criticisms.



Customer Satisfaction Survey

We measure the satisfaction levels of our customers and consumers regarding our products and services through the Customer Satisfaction Survey, which is one of our most important stakeholder communication mechanisms, we make use of the feedbacks we receive in our performance evaluation and business target identification processes. We obtain the views of our customers and consumers in areas such as general satisfaction, inclination to recommend, inclination to repurchase through the survey we conduct regularly every year, we look for ways to continuously enhance our satisfaction performance. In the reporting period, we have achieved satisfaction scores above the industry average in all product groups at the survey we conducted with approximately 14,000 consumers who have purchased Arçelik and Beko brand white goods, air conditioner and television products within the last two years.

With the Arçelik Service Cloud project we have actualized during the reporting period, we transformed our Turkey service network to a call center model and enabled the management of the communication of our scattered service points with our consumers from one center. We have received an award in the “Providers of Consumer Satisfaction” category at the “Most Successful Koç Affiliates” awards organized by Koç Holding in accordance with project performance and vision.

We ensure the security of data belonging to our customers and consumers through practices we implement in accordance with ISO 27001 Information Security Management System, we continuously enhance our performance in this area through periodical audits, leading practices and our technological infrastructure that we constantly improve. We keep the data of our consumers in databases on servers located in system rooms at A-type standards, under staff surveillance 24/7, entered with card and eye control, that are periodically audited. We ensure that the infrastructure on which the systems containing the data operate is periodically backed up, we actualize improvement works in light of periodical risk analyses. In the reporting period, we provided information security awareness trainings for all our employees as part of ISO 27001, while we continued our regular audits. In the reporting period, there were no complaints made to us regarding any customer information security breach.

Social Development



As Arçelik A.Ş., we continue our contribution to the development of societies that are our stakeholders through pioneering practices we realize in the fields of culture and arts, education, health, and sports, alongside our direct and indirect positive economic contributions to the societies in our vast operational geography.

We base our social responsibility projects and sponsorship practices on the needs of communities and we place stakeholder volunteerism at the center of all our practices.

- √ We have provided training for 460 students and 54 teachers in 9 vocational high schools as part of the Electrical Household Appliances Technical Training Program - Arçelik Laboratories.
- √ We have reached 13,885 of our employees with a total of 210 trainings within the context of Seminars for Accurate Approach to Disabled Persons.
- √ We have provided 253 of our employees with audio book reading trainings and we completed the vocalization of a total of 16 books with the project We Read Books for You.



Our Social Responsibility Approach

Besides creating added value in the areas of employment and growth in the countries where it operates, Arçelik A.Ş. supports development in social, cultural and environmental issues as well as sports. Taking part of projects for the benefit of the society in line with the principle of sustainable development will continue to be among the priorities of Arçelik A.Ş.

Arçelik A.Ş. regards devising and implementing sustainable projects devoted to the development of social standards and the solution of social problems to be among its primary responsibilities, in light of its corporate values and culture.

The approach of social volunteerism is one of the core values of Arçelik A.Ş. The company has adopted ensuring the sustainability of projects through the contribution and local appropriation provided by volunteers constituted of the large family it has, as a significant criterion of success.

Social Projects and Support Activities – Turkey

Electrical Household Appliances Technical Training Program - Arçelik Laboratories

Arçelik A.Ş. has developed the “Electrical Household Appliances Technical Service Program” in the belief that good practices in the field of education are indispensable for social development. The program, which intends to reinforce vocational training-employment relationship, seeks to train the technical manpower aware of developments and new technologies in the electrical household appliances

industry in Turkey. Arçelik Laboratories equipped with 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, Diyarbakır, Trabzon, İzmir, Ankara, Bursa and Tatvan between the years 2011 and 2014, as part of the program which is also a first in Turkey.

The curriculum pursued at the labs was redesigned in cooperation with the Ministry of National Education and the teachers were trained at Arçelik Academy as part of the practice. In the reporting period, 460 students and 54 teachers in a total of nine schools benefited from trainings as part of Arçelik Electrical Household Appliances Technical Training Program formed in the Electrical-Electronic Technologies Area – Electrical Household Appliances Technical Service Department. 208 students are expected to graduate from the department by the end of the 2014-2015 school year.

Through the program, it is aimed for students to reach the level where they will be able to operate as technicians in the white goods and air conditioner product groups with the information they will learn at Arçelik Laboratories and students are provided with internship opportunities at Arçelik A.Ş. Authorized Dealers. Those who successfully complete certain phases from among interning students, who want to work at Arçelik Authorized Dealers or within the body of company, are certificated and employed. 17 graduates in 2013 and 18 in the reporting period were employed at Arçelik A.Ş. Authorized Dealers.



“No Barriers for My Country”

Arçelik A.Ş. Family voluntarily supports the project “No Barriers for My Country” implemented by Koç Holding in cooperation with the United Nations Development Program (UNDP) and Alternative Life Association (Ayder). The program, which contains various projects developed to support the improvement of the life qualities of disabled individuals, is actively participated by Arçelik A.Ş. employees.

In 2014, works were conducted as part of the project to transform Arçelik A.Ş. enterprises and authorized dealers into disabled-friendly spaces, an idea pool was created for disabled-friendly product portfolio, disabled worker employment and telecommuting disabled projects were continued.

• Seminars for Accurate Approach to Disabled Persons

27 Arçelik A.Ş. employees, who completed their “Volunteer Trainer” trainings in 2013 with the support of AYDER, offered “Seminars for Accurate Approach to Disabled Persons” to raise the recognition of the project on company campuses and to convey more information on the subject to employees. As of the end of the reporting period, 13,885 Arçelik A.Ş. employees were reached through a total of 210 trainings.

• We Read Books for You

We contribute to the audio library available to the benefit of the visually disabled with the project “We Read Books for You” realized by Arçelik A.Ş. in cooperation with Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM) at Boğaziçi University. As part of the practice, volunteers read the books requested by visually disabled individuals or the ones of their choice with the help of software and headphones with microphone provided to them.

In the reporting period, a promotional video for the project was prepared and shared with all employees and dealers in order to increase participation in the practice, training seminars were organized on all Arçelik A.Ş. campuses with the support of GETEM. 253 employees received audiobook reading training, volunteer trainers and Arçelik A.Ş. employees reading books were awarded for their contributions on the platform “Pyramid Climbers”. As of the end of the reporting period, Arçelik A.Ş. employees have completed recording 16 audiobooks and continue the recording of 15 others.





• Photography Training for Physically Disabled Persons

The Photography Training for Physically Disabled Persons project, realized in cooperation with the Solidarity Association for the Physically Disabled (BEDD) and Fotoğrafmetre Association during the reporting period, aims at introducing physically disabled persons with the art of photography and providing them training in this issue. The trainings, provided by professional photographers affiliated with Fotoğrafmetre Association and consisting of 6 classes including technical information transfer and outdoor shoots, were attended by 14 physically disabled BEDD members. The first outdoors photo shoot was realized at Rahmi M. Koç Museum. Arçelik A.Ş. Photography Club members, who shared their expertise in the field with students, also attended the program.

• Project for the Management of Sign Language Teacher Trainings

Arçelik A.Ş. provided support for the Management of Sign Language Teacher Trainings project realized between September 5th and October 19th, 2014 in cooperation with Association for the Hearing Impaired and Their Families, Boğaziçi University and Koç Group companies. As part of the project realized in order to increase the number of sign language teachers, which is very limited in Turkey, hearing impaired individuals whose mother tongue is the sign

language attended and became educators. Two hearing impaired employees of Arçelik A.Ş. also qualified to participate in this course in consequence of a very difficult examination; those who completed the training program received their certificates with a ceremony organized on November 29th, 2014. Arçelik A.Ş. aims to extend sign language education first to its disabled employees and subsequently to all its employees.

Support on Darülaceze Life School Project

A 25 person group consisting of Arçelik senior executives and Istanbul dealers have participated in Darülaceze Life School project, started by Darülaceze, the largest charity institution in Turkey, in order for its residents to convey their life experiences to future generations. Ten teachers chosen from among residents provided trainings as part of the program during eight weeks, the life of a different resident was addressed at every class and life experiences were shared.



Arçelik A.Ş. Search and Rescue Team

Arçelik A.Ş. Search and Rescue Team, which operates as a prominent member of Koç Holding Search and Rescue Team, is on the front row of the list of civil society organizations to be officially asked for help in cases of probable disasters by the Disaster and Emergency Management Authority (AFAD). The team, which consists completely of volunteering Arçelik A.Ş. personnel, aims to be able to rapidly deliver the right service in cases of natural disaster, emergency and extraordinary situations, to anyone in need of help, with its trained and experienced staff.

In the reporting period, members of search and rescue teams present in Arçelik A.Ş. Bolu, Çerkezköy and Eskişehir campuses participated in the emergency drills and trainings offered by Disaster and Emergency Management, local Civil Defence units, fire authorities and NGOs working during disasters in their respective provinces. The team, who enhanced and continued to share their experience regarding the issue, have also attended operations and meetings coordinated by Disaster and Emergency Management during the year.

During the reporting period, Beylikdüzü and Söğütözü sites Search and Rescue Teams were established with the participation of new volunteer members. The Search and Rescue Teams have successfully completed the first level trainings provided by Sakarya Civil Defense Unit trainers, thereby growing and further strengthening Arçelik Search and Rescue Team.

International Support Activities

Arçelik A.Ş. continues to contribute to societies that are its stakeholders through social responsibility projects in various fields from education to health, to environment to sports, in line with its understanding of sustainable development, while also positively contributing to local economies through employment opportunities it provides and supply processes it conducts in its global operational geography.

Elektrabregenz – Austria

Elektrabregenz has been supporting ProJuventute, a charitable foundation dedicated to supporting homeless and needy children, since 2013. The brand, which has donated various products to orphanages being renovated by the foundation and contributed to practices for gaining support in line with its social responsibility understanding, has prolonged its proactive cooperation with ProJuventute until 2015 in order to build trust and ensure consistency and sustainability.

Defy – South Africa

• AmaZulu Community Trust

Defy conducts development projects in the areas of Ezakheni, Durban and East London together with the AmaZulu Community Trust, formed in 2009 to improve communities in South Africa using the power of football. As part of the collaboration, it is aimed to ensure improvement in the region through practices such as life-skills programs that will benefit individuals experiencing financial difficulties, HIV/AIDS trainings and a scholarship program for talented children.



In 2013, 2,680 students benefited from the scholarship as part of the program and qualified to study free of charge at the best schools in the region, while 23 coaches attended life-skills training sessions. In the reporting period, 100 academicians and 8 coaches completed the skills program in the East London area. The program is also to be implemented in the areas of Durban and Ezakheni.

- **Ethelbert Children's Home**

Ethelbert Children's Home, sheltering 65 children orphaned because of HIV/AIDS, or removed from their families due to physical and/or sexual abuse, neglect or abandonment, aims for the rehabilitation of the children and for them to rejoin their families happily. Defy donated white goods and electronic appliances to the center, which consists of six cottages, each with two residing Child Care Specialists and a maximum of 12 children, besides contributing whenever material support is needed.

- **Umbilo Secondary School**

Defy has sponsored the project for the renewal of the historic Umbilo Secondary School which was opened in 1924 and provides education for around 1000 students. The school, located in the region of Wentworth near Defy Jacobs facilities, is being painted and restoration works continue.

- **Focus on the Family**

Defy, which puts programs devoted to the youth and children in the center of its social development approach, has sponsored "No Apologies" program, which aims at encouraging young people to make the right choices in life by changing their way of thinking and behaviors. The program, which has a budget of approximately 1,000,000 Rand, has reached around 4,590 children. As part of the program that will benefit 51 schools located in the areas of Ezakheni, East London and Jacobs, local hero Siya Xuza gave a speech at a school to inspire the students and to share the story of the advertisement themed Believing in Better.

- **Beko – Russia**

Beko's operation in Russia, LLC, supports the organization of many social activities in the region Kirzhach – Vladimir, where its production facility is located. In October 2014, "Beko Kindergarten" was opened at Kirzhach city center. Also in the reporting period, it was decided that a donation would be made to "Children Heart", a solidarity fund, instead of buying Noel gifts for business partners and in this way children with serious heart diseases and in need of urgent surgical operation were supported. Business partners were informed of the donations made to the fund through special New Year cards including New Year greetings.



Beko – Poland

- **The Noble Box Project**

Beko supports “SZLACHETNA PACZKA / The Noble Box Project” founded in order to provide direct support for poor families. With the project conducted by SPRING Association, which was founded 10 years ago as a non-profit and which works to help out families experiencing financial difficulties around the new year period, families in need are brought together with donators and volunteers. Beko employees gifted refrigerators, irons, children’s toys, clothes, school equipment and many household appliances to meet their daily needs to two families of their choice in the reporting period.

- **Social Welfare Home**

Beko continues to support the Social Welfare Home, which was founded in order to help poor families in Poland year round, both on the management level and through the contributions of volunteering employees. Besides product donations realized by the firm, Beko employees also donate clothes, toys, books and equipment they are not using.

Beko also has been providing equipment support to the hospital in Piekary Slaskie, in the south of Poland, for the last two years. In the reporting period, about 20 different products, such as refrigerators, washing machines, air conditioners, were donated for the use of the hospital.

- **Contribution to Sports**

Beko Poland has continued its support for sports in the reporting period through sponsorship practices in various branches. In this direction, it has become, for the third time in the reporting period, 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. The brand, which sponsored children’s football teams such as Gwarek Wieliczka, Górnik Wieliczka, swimming teams such as Warsaw Master Team and Speedway drivers such as Pawel Przedpelski in the same period, has supported Sebastian Karas, who crossed the English Channel swimming, and organized Beko Dance Cup.

Beko – China

Beko, who realized its first donation activity in July 2014 together with Yi Jia Yi, one of the leading charity organizations of China, aimed to support aid organizations and disabled families living in Beijing, Shanghai and Guangzhou. 150 washing machines were delivered to families in need and aid organizations in order to increase the quality of life of the families.

Beko – Ukraine

Beko Ukraine LLC, which participated in the annual Noel market activity organized by International Women’s Club of Kiev (IWCK), donated Beko brand household appliances series to be sold. The money collected at the activity was donated to orphans harmed in the military conflict that is taking place in Eastern Ukraine.



Beko – Australia / New Zealand

Beko Australia & New Zealand supports the studies of The Rising Foundation, which conducts mentoring programs formed in order to bring out the potentials of children in New Zealand. Beko, which also provides support for the charitable foundation Across the Water aiming at helping orphaned and homeless children in the aftermath of the tsunami in 2014, will continue to collaborate with NGOs answering the needs of the region in the forthcoming periods.

Grundig – Germany

Grundig, which supports several projects that aim at helping children around the world, primarily in the Bavarian province of Germany, has prioritized social responsibility projects devoted to education. The brand, which has equipped schools with interactive Grundig e-Boards instead of classic boards, has made a donation to the solidarity fund led by the Bavarian public services publisher Bayerischer Rundfunk for every TB 7930 and TB 8030 sonic toothbrush product sold, since 2009.

Studies to Protect the Environment and Nature - Turkey

“Earth and Leaf” Painting Competition

Arçelik A.Ş. Cooking Devices Plant supports awareness-raising activities devoted to the protection of the environment and nature. In this regard, it has supported the painting competition themed “Earth and Leaf” organized for the 6th time by TEMA Foundation in the reporting period. 156 students from 23 schools participated in the competition,

which aims at raising awareness about environmental and earth protection among students and having them think about what can be done in this issue. The themes of world ecosystem, the importance of nature and erosion were dealt with in the students’ paintings, applied with watercolor and crayon, that exhibited the awareness of students regarding the issue. Top ranking students were awarded at the award ceremony and exhibition realized at the Provincial Directorate of Culture and Tourism on June 5th, World Environment Day.

Ankara Dishwasher Plant “Memorial Forest”

The irrigation and maintenance works of the Memorial Forest on Ankara Highway, consisting of 2,000 trees, by Arçelik A.Ş. Ankara Dishwasher Plant were continued in the reporting period, in order to leave future generations with a legacy.

“II. Arçelik A.Ş. Respect to Environment” Photo Competition

Arçelik A.Ş. organizes various projects to increase the awareness about protecting the environment and natural resources among its employees. Company organized “II. Arçelik A.Ş. Respect to Environment” photo competition among its employees. For the competition theme of the year was “climate change”. From all Arçelik A.Ş. campuses, 74 contestants applied to the competition with 298 photos in 2014.



Arçelik A.Ş. and Sports

Arçelik A.Ş., which regards sports as an important step in social development, continues to support sports through its brands in its countries of operation.

Arçelik A.Ş.'s global brand Beko believes that sports play a significant role in the development of the youth and reaches to large masses through its support activities in this field that coincides with the dynamic and energetic structure of the brand. Sponsorship activities are realized in various sports branches in line with the global vision of the brand; investments in this area are continually increased.

The brand, which started appropriating the branch of basketball with the support it provided for the Turkish Basketball League in 2006, has become the "Presenting Sponsor" of 2014 FIBA World Basketball Championship and the main sponsor of FIBA Women's World Championship, following the "Presenting Sponsorships" of 2009 Poland – European Basketball Championship, 2010 Turkey – FIBA World Basketball Championship, 2011 Lithuania and 2013 Slovenia – European Basketball Championships.

Beko – Beşiktaş Professional Football A Team – Turkey

Beko, which was the sponsor of Beşiktaş Gymnastics Club between the years 1988 and 2004, has made a sponsorship agreement again, as of the start of the 2014-15 season, with this club with which it has special ties. Within the context of the agreement, Beko has become the back sponsor for Beşiktaş Professional Football A Team.

Beko – FC Barcelona – Spain

Beko has become the new sponsor of FC Barcelona with the agreement signed at Barcelona Camp Nou Stadium on June 30th, 2014. In line with this sponsorship that brought together two global brands, the Beko logo will be placed on the left arm of FC Barcelona uniforms and on the back of training kits during 4 years.

Beko Football Cup – FA Cup – England

Beko has become the official sponsor of FA Cup, the oldest and most prestigious cup in the world and the most important tournament of English football, throughout the 2012-2013 and 2013-2014 seasons. As part of this practice, Beko came to hold extensive broadcasting rights and had the opportunity to realize advertisement and promotion works within the context of FA Cup.



Beko Basketball Bundesliga – Germany

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

Beko Basketball League – Lithuania

Beko brand has assumed the sponsorship of the Lithuanian League in 2011. The Lithuanian League is realized under the name "Beko LKL League", since the season 2013-2014.

Beko Basketball League – Italy

After the league sponsorships of Germany, Russia and Lithuania, Beko launched a name sponsorship for the Italian Basketball League with an agreement made in 2012. Starting with the 2012-2013 basketball season, the Italian Premier Basketball League is realized under the name "Beko Lega Basket Serie A".

Beko – Australia / New Zealand

Beko brand has continued its support for sports activities in Australia and New Zealand in the reporting period. In 2014, it assumed the name sponsorship of Will Davison's #9 Mercedes-Benz AMG E63 V8 Supercar race automobile, the hat sponsorship of MEX Maintenance Software, the sponsorship for Color Run Marathon with a "Beko Cleaning Zone" branded sign, the 2014 main white goods sponsorship for NRL Auckland Nines, a rugby activity, the official sponsorship for Ocean Thunder Surf Boat Series, and the sponsorship for Surf Lifesaving QLD surf boat season.

Grundig – Germany

Grundig brand is the "Official Technology Partner of Bundesliga" since the 2012-2013 season. The Grundig logo is a permanently visible item on all Bundesliga and Bundesliga 2 broadcasts.

Grundig – Norway

With the agreement realized in the reporting period, Grundig brand became the name sponsor for Norway Women's and Men's Handball League.

Grundig – Turkey

In the reporting period, Grundig continued its practice of sponsorship for Fenerbahçe Women's and Men's Volleyball Team in Turkey. It has also sponsored many important national and international golf tournaments organized during the same period.

Awards and Achievements in 2014



Environment Awards – Achievements

- Arçelik A.Ş. received the "Most Efficient Product" award with A+++ -10% energy efficient dryer and the "Most Efficient Industrial Plant" award with Dishwasher Plant at the "Industrial Energy Efficiency Project Contest" organized by the Ministry of Energy and Natural Resources within the scope of Energy Efficiency Week.
- Beko DPU 8341 X model heat-pump dryer is named as the recommended product among nine products within the scope of the evaluation conducted by "60 Millions de Consommateur", a French consumer Magazine.
- Beko DSN 6839 model dishwasher is named as the "Best Energy and Water Efficient Dishwasher of 2014" under the "Best Household Appliances" category by "Home + Living" magazine of Singapore.
- Blomberg DWT 54100SS model dishwasher is named as the "Product with the Fastest Cycle" with its 85-minute program in the recommendation list of USA Consumer Reports Magazine.
- With a rating of 86%, Beko is named as the "3rd Most Trustworthy Brand" as a result of the survey conducted by French "Que Choisir Test Magazine" for 18 brands among 27,500 consumers in 2014.
- French "Que Choisir Test Magazine" named Beko WDA 96160 model washer-dryer as the "Best Product".
- Beko WD 105614 model washer-dryer is given the "2014 Best Choice" award by "Home + Living" magazine of Singapore.
- Beko WDA 91440W model washing machine with dryer (which is introduced to Singapore market) is named as the "Best Choice of 2014" in "Best Two-In-One Washing Machine" category by "Home + Living" magazine of Singapore.
- Grundig GKN 16820W model combi refrigerator is named as the "Best Buy" product after outperforming the competitors in the tests conducted by "Which" magazine, one of the leading magazines of UK.
- Beko DSN 6832 FX30 A+++ dishwasher is rated as "Good" in "max. 60 cm width" category in the tests conducted by Stiftung Warentest (StiWa) magazine.
- GI 35385 XT dishwasher, FSN 9862 freezer, BES 4513 X oven, KSBN 7475 MT refrigerator, TKF 83320 A dryer and WAE 81460 CT washing machine products of Elektrabregenz receiver the "Green Brand Award" for the second time in Austria.
- China Washing Machine Plant, Russia Refrigerator and Washing Machine Plant and Romania Refrigerator Plant are entitled to ISO 50001 Energy Management Standard Certifications.
- As a result of the evaluations made by Germany's leading test institutions Stifting Warentest (StiWa), Beko DPU 7306 XE and Bloomberg TKF 7455 AGE 50 dryers are rated as "Good".
- USA Consumer Reports magazine named Blomberg DWT 55300SS model dishwasher as the "Recommended Product for Consumers".
- "dTest" magazine of Czech Republic named Beko DPU7380X model dryer as the "Good Choice". The price and performance balance of the product was rated as "Good".
- "ATLAS BLDC Washing Machine Motor Project" of Arçelik A.Ş. received the second place award under "Large-Scale Business R&D and Product Improvement" category within the scope of Efficiency Project Awards of the Ministry of Industry.

Corporate Awards – Achievements

- Arçelik A.Ş. won the first place awards under “White Goods”, “Other Electrical-Electronic Production and Distribution Equipment” and “Iron-Steel Goods” categories; and the second place awards under “Nationwide Electrical-Electronics”, “TV Receivers”, “Small Household Appliances” and “IMMIB General Exports” categories within the scope of “Stars of Export 2013” contest, organized for the seventh time in 2014 by Istanbul Minerals and Metals Exporters' Associations (IMMIB).
- Arçelik won the "Jury Special Award" with the "Enhanced Interface and Multitasking-Enabled Network LED TV (Enhanced Connected TV)" within the scope of the 12th "Innovation and Creativity Awards" organized by Turkish Electronic Industrialists' Association (TESİD).
- The “7th European Nanoelectronics Forum” organized in Barcelona featured the UltraHD-4U Project, in which Arçelik is one of the administrative and R&D partners. UltraHD-4U project received the “First Place Award” in the organization.
- "Cooking for Solidarity Marathon" organized in 2013 under leadership of the Spaniard Chef Martin Berasategui, the brand ambassador of Beko, received three awards within the scope of “Global Mercury Excellence Awards”, which is one of the most prestigious global awards in the field of public relations and corporate communications. The Marathon received gold medal under “Special Event” category, silver medal under “Brand Awareness” category and bronze medal under “Celebrity Campaign” category, under which only Beko was awarded. This event is also given “Social Entrepreneurship Award” by World City Foundation, an organization under protection of the Ministry of Culture.
- Grundig Side by Side Refrigerator, Beko Combi Refrigerator, Grundig BT Speaker, Cast Beko Hood, Beko Cast Iron Built-In Oven, Cyclone Cooking System and Grundig Slide Microwave Oven received seven awards under product design category within the scope of “IF Design”, one of the most prestigious design awards of the world.
- Blomberg KQD 1251 refrigerator received the “Most Innovative Product of 2014” award within the scope of “Product of the Year”, which is determined by the votes of 2.000 people in Israel.
- Arçelik A.Ş. Procurement Directorate is entitled to “CIPS Corporate Certification”, which is a global accreditation issued to around 130 companies globally in order to ensure excellence in purchase management.
- Arçelik A.Ş. ranked sixth company under "Highest Exporter of 2013" within the scope of Export Champions organized by Turkish Exporters' Association.
- Arçelik A.Ş. is entitled to "Authorized Economic Operator Certificate", which is given to persons or entities who are deemed trustworthy in Turkey, pursuant to "Regulations on Facilitation of Customs Proceedings" issued by the Ministry of Customs and Trade.
- 2013 Annual Report was ranked as 74th in the "Top 100 Activity Reports" determined by the League of American Communication Professionals (LACP), and received five awards including the "Gold Award" under durable consumer goods segment. Arçelik A.Ş. was one of the Top 20 Annual Reports Applied from Turkey in 2013, and ranked as the 28th company in “Top 80 Annual Reports of Europe, Middle East and Africa Region”. The report received gold award under "The Best Annual Reports" category and silver award under “The Best Financial Data in an Annual Report” category. Arçelik A.Ş. 2012 Sustainability Report received the “Platinum Award”, the highest award under "Sustainability Reports" category.
- Five products of Beko, Grundig and Cast brands of Arçelik A.Ş. are entitled to five design awards within the scope of “Red Dot”, one of the most prestigious design contests of the world and a globally recognized quality approval. Red Dot Design Awards jury presented awards to Grundig - Fine Arts - Ultra High Definition TV, Grundig - GSB 110 - Bluetooth Speaker, Grundig - GSB 120 - Bluetooth Speaker, CAST - Built-in Oven and Beko - 84cm Refrigerator.
- Arçelik A.Ş. is entitled to five awards within the scope of the 26th Crystal Apple 2014 Turkey Advertising Awards with Arçelik and Beko brands.
- “The Banner That Makes the Fans Cheer”, a promotion item introduced for the Football App that is developed especially for Smart TV's by Arçelik received the first place award under "Richmedia" category under the “9th MediaCat Felis Awards”.
- Arçelik is named as "The Most Popular Brand of Turkey" in both "White Goods" and "Consumer Electronics" categories according to the results of 2014's “Turkey's Lovemarks” research organized by MediaCat and Ipsos, and the “The Most Popular Brand” as a result of a category-independent survey, which is conducted for the first time this year.
- Arçelik A.Ş. received “Creating the Employer Brand” award under “Project/Distinguishing Practices” category within the scope of 2014 PERYÖN Human Management Awards.
- Arçelik A.Ş. received three awards under “Design Turkey Industrial Design Awards”. The winning products included Grundig wooden table radio, Beko refrigerator with ice cream machine and Arçelik gift packs.
- “Good Design” is an annual contest organized by Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd. Museum. The awards are given to the most innovative and the best industrial, graphical and product designs from all over the world. Arçelik A.Ş. applied to the contest with 13 products and received awards for all of them. These products included Beko Washing Machine, Grundig Wardrobe Style Refrigerator, Leisure Oven, Beko Cast Hood, Cast Built-in Oven, Cast Built-in Stove, Cast Built-in Single Stove, Beko 84 cm Refrigerator with Ice Cream Machine, Arçelik In Love Gurme Tea Maker, Grundig Retro Radio, Grundig BT Speaker, Grundig T3-T4 Remote Controls and Grundig Vision 8 UHD TV.
- Arçelik A.Ş. is listed in BIST Sustainability Index of Borsa Istanbul. The index lists 15 companies.
- Arçelik A.Ş. is given “R&D Leadership” and “Leadership in Technology Development” awards within the scope of the third Turkey Innovation Week organized by Turkish Exporters' Association. Arçelik A.Ş. won the championship award under "Innovation Strategy" category in "InovaLIG Innovation Leaders Award Ceremony", the first innovation development program of Turkey which was organized within the scope of Turkish Innovation Week.

Performance Data

2010

2011

2012

2013

2014

ECONOMIC PERFORMANCE DATA

Net Sales (Million EURO)	3,487	3,633	4,581	4,395	4,307
By Region					
Turkey (Million EURO)	1,718	1,712	1,933	1,828	1,670
Europe (Million EURO)	1,342	1,437	1,779	1,735	1,835
Other (Million EURO)	427	484	869	832	802
By Product Group					
White Goods (Million EURO)	2,208	2,394	3,072	3,096	3,121
Consumer Electronics (Million EURO)	631	625	780	636	629
Other (Million EURO)	648	614	729	663	557
Gross Profit (Million EURO)	1,040	1,094	1,323	1,342	1,369
Operating Profit (Million EURO)	321	278	326	338	352
Income Before Tax (Million EURO)	330	265	270	295	252
Net Income (Million EURO)	276	233	237	247	220
Total Assets (Million EURO)	3,573	3,764	4,349	3,886	4,394
Total Current Liabilities (Million EURO)	1,143	1,445	1,676	1,393	1,571
Total Liabilities (Million EURO)	1,910	2,269	2,679	2,476	2,835
Total Equity (Million EURO)	1,663	1,494	1,670	1,409	1,559
Dividends Paid (Million EURO)	55	113	150	160	122
Capital Expenditures (Million EURO)	127	157	209	207	159
Dividend Per Share (EURO)	0.186	0.191	0.228	0.176	0.178
Year-End Share Price (EURO)	3.81	2.50	4.98	4.14	5.32
Year-End Market Value (Million EURO)	2,572	1,692	3,362	2,796	3,593
Corporate Governance Rating	8.55	8.59	9.11	9.28	9.41
Economic Value Generated (Million TL)	7,347	8,927	10,991	12,005	13,231
Revenues (Millions TL)	7,347	8,927	10,991	12,005	13,231
Economic Value Distributed (Million TL)	6,911	8,774	10,977	11,941	13,030
Operating Cost Total (Million TL)	5,745	7,135	9,049	9,375	10,310
Personnel Expenses (Million TL)	706	824	995	1,136	1,346
Payments to Providers of Funds (Million TL)	389	736	844	1,355	1,283
Payments to Governments as Income Tax (Million TL)	62	71	82	67	82
Community Investments (Million TL)	9	8	7	8	9
Economic Value Retained (Million TL)	436	153	14	64	201

2010

2011

2012

2013

2014

ENVIRONMENTAL PERFORMANCE DATA

GHG Emissions (ton CO₂e)

Direct	77,038	84,254	80,072	66,685	64,888
Indirect	80,687	88,895	99,181	74,509	22,091
Total	157,725	173,149	179,253	141,194	86,979

Performance Data

2010

2011

2012

2013

2014

Energy Consumption (GJ/year)

Direct	1,242,184	1,342,757	1,217,946	1,029,679	1,014,802
Indirect	574,772	599,173	673,652	708,461	702,051
Total	1,816,956	1,941,930	1,891,598	1,738,140	1,716,853

Total Water Withdrawal by Source (m³)

Municipal Water	973,574	1,070,899	1,087,334	1,087,146	1,047,433
Well Water	436,176	406,583	460,196	393,289	396,568
Rain Water	0	0	0	0	1,000
Total	1,409,750	1,477,482	1,547,530	1,480,435	1,445,001

Total Water Discharge (m³)

Total Water Discharge	824,673	951,241	986,362	948,303	819,334
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COD Values of Discharged Water (mg/l) ¹	COD Limit Value ²
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Cooking Appliances	100	22	39	50	30	11
Dishwasher	1,000	59	107	164	48	203
Electronics	600	44	51	45	<10	35
Refrigerator and Compressor	100	22	<30	19	<30	53
Tumble Dryer	1,000	30	30	200	360	120
Washing Machine	600	124	40	130	180	206

Environmental Trainings Provided to Employees (person*hour)

Environmental Trainings	11,055	15,904	8,412	6,242	10,311
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Use of Raw Materials and Materials at Product Facilities in Turkey (2013) (ton)

Raw Materials - Plastics	59,263	73,493	108,076	107,600	82,935
Raw Materials - Metals	244,045	295,863	290,929	304,061	239,209
Materials ³	343,630	304,404	354,080	407,147	400,544
Chemicals ⁴	9,875	7,479	8,136	74,583	79,128
Total	656,999	681,431	761,221	893,391	801,816

Wastes by Type (ton)

Hazardous Waste	1,970	2,107	2,557	2,766	3,223
Non-Hazardous Waste	63,835	58,276	73,025	85,645	115,715
Total	65,805	60,383	75,582	88,411	118,938

2011

2012

2013

2014

SOCIAL PERFORMANCE DATA

Employee Breakdown by Status ⁵

Blue Collar	12,454	12,567	13,025	14,259
White Collar	2,177	2,220	2,333	2,459
Total	14,631	14,787	15,358	16,718

Employee Breakdown by Contract Type

Permanent	13,337	13,400	14,478	14,639
Temporary	1,294	1,387	880	2,079
Total	14,631	14,787	15,358	16,718

Performance Data

2011

2012

2013

2014

Employee Breakdown by Gender

Male	13,216	13,355	13,829	14,890
Female	1,415	1,432	1,529	1,828
Total	14,631	14,787	15,358	16,718

Employee Breakdown by Age

<30	5,157	5,314	5,004	5,872
30-50	9,328	9,295	10,195	10,660
50<	146	178	159	186
Total	14,631	14,787	15,358	16,718

Employee Breakdown by Nationality

Turkish	NA	14,785	15,347	16,704
Foreign	NA	2	11	14
Total	NA	14,787	15,358	16,718

Average Age by Employee Category

Top Management	47	46	48	48
Mid-Management	44	41	42	42
Experts & Staff	35	34	35	35

Average Seniority by Employee Category

Top Management	16	17	18	16
Mid-Management	16	14	15	14
Experts & Staff	9	8	8	8

Employee Trainings (total hours)

Blue Collar	220,402	232,774	228,447	362,845
White Collar	86,341	77,570	85,595	92,456
Total	306,743	310,344	314,042	455,301

Senior Management by Nationality

Turkish	31 (%100)	35 (%100)	35 (%100)	35 (%97)
Foreign	0 (%0)	0 (%0)	0 (%0)	1 (%3)
Total	31 (%100)	35 (%100)	35 (%100)	36 (%100)

Senior Management by Gender (%)

Female	10	11	11	11
Male	90	89	89	89
Total	100	100	100	100

Employee Turnover (%)

Employee Turnover (%)	13.1	9.0	8.7	16.0
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Employee Turnover by Gender (%)

Female	6.9	10.1	10.8	14.1
Male	14.9	8.9	8.5	16.2

Employee Turnover by Age (%)

<30	69.0	51.0	61.8	74.0
30-50	28.0	47.0	34.4	24.2
50<	2.1	3.0	3.5	3.6

Performance Data

2011

2012

2013

2014

Turkey Operations OHS Indicators

Accident Frequency Rate (F)⁶

5.73

5.00

7.45

6.69

Accident Gravity Rate (G)⁷

0.078

0.085

0.093

0.088

Safety Factor⁸

0.448

0.426

0.690

0.592

- 1) As the industrial waste water level generated in Electric Motors Plant is insignificant, the waste water is disposed in licensed disposal facilities, in accordance with the legal regulations. Plant domestic waste water is treated in the water treatment facility of the Organized Industry Region, whereby the campus is located.
- 2) In Turkish legal regulations, limit values of water discharge varies according to water characteristics and discharge destination. COD: Chemical Oxygen Demand
- 3) Materials which are part of final products, half-processed materials and isolation materials are included in the disclosed figures.
- 4) 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.
- 5) Part-time employment does not occur within the scope of Arçelik A.Ş. operations.
- 6) Accident Frequency Rate: (F) = (Total number of work accidents / total working hours)*1,000,000
- 7) Accident Gravity Rate: (G) = (Total number of workdays lost due to work accidents / total working hours)*1,000
- 8) 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	2-3		Not Assured
Organizational Profile				
G4-3	Contact	back cover		Not Assured
G4-4	About Arçelik A.Ş.	6-7		Not Assured
G4-5	Contact	back cover		Not Assured
G4-6	About Arçelik A.Ş.	6-7		Not Assured
	About the Report	inside front cover		
G4-7	Arçelik A.Ş. Annual Report 2014	15		Not Assured
G4-8	About Arçelik A.Ş.	6-7		Not Assured
G4-9	About Arçelik A.Ş.	6-7		Not Assured
	Social Performance Data	59		
	Arçelik A.Ş. Annual Report 2014	14		
G4-10	Social Performance Data	59-60		Not Assured
	GRI G4 Content Index	62	No significant seasonal variations in employment occur within Arçelik A.Ş. operations.	
G4-11	Freedom of Association and Collective Bargaining	18		Not Assured
G4-12	Sustainability Management in Value Chain	38-45		Not Assured
G4-13	Arçelik A.Ş. Annual Report 2014	15		Not Assured
	GRI G4 Content Index	62	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	9		Not Assured
	Arçelik A.Ş. Annual Report 2014	18-21		
G4-15	Participation in Sustainability Initiatives	12		Not Assured
G4-16	Dialog with Stakeholders	14		Not Assured
Identified Material Aspects and Boundaries				
G4-17	About Arçelik A.Ş.	6		Not Assured
	About the Report	inside front cover		
	Economic Performance Data	58		
G4-18	About the Report	inside front cover		Not Assured
	Identification of Material Aspects	11		
G4-19	Identification of Material Aspects	11		Not Assured
G4-20	Identification of Material Aspects	11		Not Assured
	GRI G4 Content Index	62	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	11		Not Assured
	GRI G4 Content Index	62	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	GRI G4 Content Index	62	There are no restatements of information provided in previous reports.	Not Assured
G4-23	About the Report	inside front cover		Not Assured
	Identification of Material Aspects	11		
Stakeholder Engagement				
G4-24	Dialog with Stakeholders	14		Not Assured
G4-25	Dialog with Stakeholders	14		Not Assured
G4-26	Dialog with Stakeholders	14		Not Assured
G4-27	Employee Communication	18		Not Assured
	After Sales	45		
	Arçelik A.Ş. Annual Report 2014	59-61		
Report Profile				
G4-28	About the Report	inside front cover		Not Assured
G4-29	GRI G4 Content Index	62	http://www.arcelikas.com/UserFiles/file/surdurulebilirlik/Ar%C3%A7elik%20-%20Sustainability%20Report%202013.pdf	Not Assured
G4-30	About the Report	inside front cover		Not Assured
G4-31	Arçelik A.Ş. Communication	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	inside front cover		Not Assured
		GRI G4 Content Index	62-66		
		Independent Assurance Report	68		
	G4-33	Independent Assurance Report	68		Not Assured
Governance					
	G4-34	Corporate Governance	9		Not Assured
		Sustainability Structure	10		
Ethics & Integrity					
	G4-56	Ethical Rules	-	http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20De%C4%9Ferler%20%C4%B0ngilizce.pdf	Not Assured
		Arçelik A.Ş. Annual Report 2014	64-65		

GRI G4 Content Index | Specific Standard Disclosures

Category: Economic					
Aspect: Economic Performance					
		Combatting Climate Change	26-27		
	G4-EC2	Message from the CEO	2-3		Not Assured
		Participation in Sustainability Initiatives	12		
		Combatting Climate Change	26-27		
		Responsible Purchasing	42-43		
Aspect: Market Presence					
		GRI G4 Content Index	63		
	G4-EC5	Respect for Human and Employee Rights	17		Not Assured
		GRI G4 Content Index	63	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	60		Not Assured
		GRI G4 Content Index	63	"Local" is defined on the basis of country. Within the scope of reporting, the term signifies citizens of Republic of Turkey.	
Aspect: Indirect Economic Impacts					
		Social Development; Sustainability Management in Value Chain	46, 38		
	G4-EC7	Electrical Household Appliances Technical Training Program - Arçelik Laboratories	47		Not Assured
		Arçelik A.Ş. Search & Rescue Teams	50		
	G4-EC8	Innovative and Superior Technology	39-40		Not Assured
		Responsible Purchasing	42-43		
		Our Distribution and Authorized Dealer Network	43		
Aspect: Procurement Practices					
		Responsible Purchasing	42-43		
	G4-EC9	Responsible Purchasing	42-43		Not Assured
Category: Environmental					
Aspect: Materials					
		Use of Natural Resources and Waste Management	30		
	G4-EN1	Efficiency in Raw Material and Material Use	31-32		Not Assured
	G4-EN2	Reuse, Recycling and Disposal of Products	33-34		Not Assured
Aspect: Energy					
		Environmental and Energy Management	24		
	G4-EN3	Energy Efficiency in Production	27-28		Not Assured
		Environmental Performance Data	59		
	G4-EN6	Energy Efficiency in Production	27-28		Not Assured
	G4-EN7	Energy Efficiency in Products	28-29		Not Assured
Aspect: Water					
		Use of Natural Resources and Waste Management	30		
	G4-EN8	Use, Recovery and Discharge of Water in Production	34-35		Not Assured
		Environmental Performance Data	59		

GRI G4 Content Index | Specific Standard Disclosures

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	External Assurance
G4-EN9	Respect for Biodiversity	29		Not Assured
	Use, Recovery and Discharge of Water in Production	34-35		
	GRI G4 Content Index	64	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 A.Ş. operations does not result in any stress on water bodies.	
Aspect: Emissions	Combatting Climate Change	26-27		
G4-EN15	Combatting Climate Change	26-27		Independent Assurance Report, p. 68
	Environmental Performance Data	58		
G4-EN16	Combatting Climate Change	26-27		Independent Assurance Report, p. 68
	Environmental Performance Data	58		
G4-EN17	Combatting Climate Change	26-27		Not Assured
	Responsible Purchasing	42-43		
	Responsible Product Storage and Distribution	44		
G4-EN19	Combatting Climate Change	26-27		Not Assured
Aspect: Effluents and Waste	Use of Natural Resources and Waste Management	30		
G4-EN22	GRI G4 Content Index	64	Water discharged from Arçelik A.Ş. plants is not used by other organizations.	Not Assured
	Use, Recovery and Discharge of Water in Production	34-35		
	Environmental Performance Data	59		
G4-EN23	Wastes from the Production Processes	32-33		Not Assured
	Environmental Performance Data	59		
G4-EN26	GRI G4 Content Index	64	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	24, 30		
G4-EN27	Message from the CEO	2-3		Not Assured
	Energy Efficiency in Products	28-29		
	Innovative and Superior Technology	39-40		
	Water Efficiency in Products	36		
	Responsible Product Storage and Distribution	44		
	Reuse, Recycling and Disposal of Products	33-34		
	Use of Packages and Packaging Waste Management	33		
Aspect: Transport	Sustainability Management in Value Chain	38		
G4-EN30	Responsible Product Storage and Distribution	44		Not Assured
Aspect: Overall	Our Environmental and Energy Management Approach	25-26		
G4-EN31	Our Environmental and Energy Management Approach	25-26		Not Assured
Aspect: Supplier Environmental Assessment	Responsible Purchasing	42-43		
G4-EN32	Responsible Purchasing	42-43		Not Assured
Aspect: Environmental Grievance Mechanisms	GRI G4 Content Index	64		
G4-EN34	GRI G4 Content Index	64	No grievances about environmental impacts were received during the reporting period.	Not Assured

GRI G4 Content Index | Specific Standard Disclosures

	Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	External Assurance
	Category: Social				
	Sub-Category: Labor Practices and Descent Work				
	Aspect: Employment	Talent Management	16		
	G4-LA1	Social Performance Data	59-60		Not Assured
		GRI G4 Content Index	65	*As the report covers only the activities and projects in Turkey, no regional breakdown is provided. *	
	G4-LA2	Corporate Website	-	http://www.arcelikas.com/page/197/Compensation%20and%20Benefits	Not Assured
	Aspect: Labor/Management Relations	Talent Management	16		
	G4-LA4	Respect for Human and Employee Rights	17		Not Assured
	Aspect: Occupational Health and Safety	Talent Management; Occupational Health and Safety	16, 22-23		
	G4-LA5	Occupational Health and Safety	22-23		Not Assured
	G4-LA6	Occupational Health and Safety	22-23		Not Assured
		Social Performance Data	61		
	G4-LA7	GRI G4 Content Index	65	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 and Collective Bargaining	18		Not Assured
	Aspect: Training and Education	Talent Management	16		
	G4-LA9	Employee Development	19-20		Not Assured
		Social Performance Data	60		
	G4-LA10	Employee Development	19-20		Not Assured
		From Campus to Career	20		
	G4-LA11	Employee Development	19-20		Not Assured
	Aspect: Diversity and Equal Opportunity	Talent Management	16		
	G4-LA12	Social Performance Data	60		Not Assured
	Aspect: Equal Remuneration for Women and Men	Talent Management	16		
	G4-LA13	Respect for Human and Employee Rights	17		Not Assured
		GRI G4 Content Index	65	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.	
	Aspect: Labor Practices Grievance Mechanisms	Talent Management	16		
	G4-LA16	GRI G4 Content Index	65	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	17		
	G4-HR3	Respect for Human and Employee Rights	17		Not Assured
	Aspect: Freedom of Association and Collective Bargaining	Respect for Human and Employee Rights	17		
	G4-HR4	GRI G4 Content Index	65	Operations in which the right to exercise freedom of association and collective bargaining are at significant risk are not conducted within the scope of Arçelik A.Ş.'s and its suppliers' business processes.	Not Assured
	Aspect: Child Labor	Respect for Human and Employee Rights	17		
	G4-HR5	Respect for Human and Employee Rights	17		Not Assured
		GRI G4 Content Index	65	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.	

GRI G4 Content Index | Specific Standard Disclosures

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	External Assurance
Aspect: Forced or Compulsory Labor	Respect for Human and Employee Rights	17		
G4-HR6	Respect for Human and Employee Rights	17		Not Assured
	GRI G4 Content Index	66	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	17		
G4-HR7	GRI G4 Content Index	66	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	17		
G4-HR12	GRI G4 Content Index	66	No grievances about human rights impacts were received during the reporting period.	Not Assured
Sub-Category: Society				
Aspect: Anti-corruption	Risk Management	9		
G4-SO3	Risk Management	9		Not Assured
	GRI G4 Content Index	66	All Arçelik A.Ş. operations are assessed for risks related to corruption.	
G4-SO5	GRI G4 Content Index	66	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	10		
G4-PR1	GRI G4 Content Index	66	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	24		
G4-PR3	Corporate Website	-	http://www.arcelikas.com/page/209/Energy_Efficiency	Not Assured
	Sustainability Management	10		
	GRI G4 Content Index	66	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	66	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	45		Not Assured
Aspect: Marketing Communications	Sustainability Management	10		
G4-PR6	GRI G4 Content Index	66	Arçelik A.Ş. does not conduct sale of banned or disputed products.	Not Assured
G4-PR7	GRI G4 Content Index	66	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications have taken place during the reporting period.	Not Assured
Aspect: Customer Privacy	Sustainability Management in Value Chain	39		
G4-PR8	After Sales	45		Not Assured

Annex 1

Arçelik A.Ş. 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 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 6 campuses in Turkey including production plants, storage units, administrative buildings, other facilities and the Headquarter, between 01.01.2014 - 31.12.2014.

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, 2014.

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.
- Çayırova 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 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 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.
- Due to 2014 year national grid electricity emission factor is not published in Turkey, an average electricity emission factor has been calculated by using "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" and 2013 TEİAŞ (Turkish Electricity Transmission Company) data. This emission factor is used to calculate the 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 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 5%.

Independent Assurance Report



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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 31.12.2014, contained by the Arçelik A.Ş. Sustainability Report 2014 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 2014 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 2014 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 2014 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

Özlem Ünsal
Managing Director

İstanbul, 08.06.2015

Annex 1 : Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2014

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

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2013 Arçelik A.Ş. Annual Report-Gold Award
2011 Arçelik A.Ş. Annual Report-Gold Award
2012 Arçelik A.Ş. Sustainability Report-Platinum Award
by the LACP (League of American Communication Professionals)

2012 Arçelik A.Ş. Annual Report-Gold Award
2011 Arçelik A.Ş. Sustainability Report-Silver Award
by the Mercomm (ARC Awards)

Arçelik A.Ş. Communication

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