

Respects
THE GLOBE
Respected
GLOBALLY



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

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

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

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

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

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

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

We will remember him with respect, affection and gratitude.

KOÇ GROUP



Mustafa V. Koç
(1960-2016)

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

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

About the Report

"Arçelik A.Ş. Sustainability Report 2015", is prepared to present Arçelik A.Ş.'s sustainability performance for the period between January 1st, 2015 and December 31st, 2015 to its stakeholders. The report includes company's sustainability policies, practices, performance and objectives in social, environmental and economic areas. The performance data of Turkey operations were taken as basis for the report, due to their significant impact on sustainability areas and since they constitute the greatest part the organization. In the report, which represents a transition practice towards a more extensive reporting scope, human resources and environmental data as well as the best practices belonging to Beko Plc (United Kingdom) and Arctic SA (Romania)–Arçelik A.Ş.'s subsidiaries abroad–are also included.

As in the previous reporting period, G4 Sustainability Reporting Guidelines, published by the Global Reporting Initiative (GRI) were made use of in determining the scope and cohesiveness of the report. Prepared in accordance with the "Core" option of the G4 Guidelines, the basic content of the report was determined in line with the results of materiality studies conducted during the reporting period and the stakeholder feedbacks on the previous report. While Aspects, which are identified to be material, are extensively covered in the report, other performance indicators tracked among the organization are presented in "Performance Data" section. The emission data included within the scope of reporting was subjected to limited third party assurance by an independent international audit company. The details of the materiality and report content determination processes led by Arçelik A.Ş. Sustainability Report Working Group and the senior management is presented under the heading "Sustainability Management".



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



Distinguished Stakeholders,

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



Hakan BULGURLU
CEO, Arçelik A.Ş.

Sustainability Journey

2003

- 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 2°C 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 United for Efficiency (U4E) project.
- We have been certified by CIPS (Chartered Institute of Purchasing & Supply) Certificate.
- We qualified to receive "ISO 28000 Supply Chain Safety Management System Certificate".

2015

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



Listed in the **MSCI Global Sustainability Index Series**
with the highest grade **AAA**.

Corporate Governance Rating
9.48/10



10th R&D Center at Cambridge University Science Park

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

Carbon Disclosure Leadership Award by CDP in Turkey.

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

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

Attended the **Climate Action and Green Competitiveness** event hosted by the World Bank and IFC in Washington DC.

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



2010 → 2015 GHG Emissions **↓ %51**

Water Withdrawal **↓ 10%**



Waste Amount **↓ 18%**



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



Accident Frequency Rate **↓ 45%**

Accident Severity Rate **↓ 55%**



22.7 hours of
Training per Employee

Arçelik A.Ş. was founded in 1955 as a subsidiary of Koç Holding. Today, Arçelik is a worldwide producer and marketer of consumer durables and consumer electronics with 27.000 employees and 15 manufacturing facilities in Turkey, Romania, Russia, China, South Africa and Thailand. Company operates in 130 countries, and manages 10 core brands (Arçelik, Beko, Grundig, Defy, Arctic, Blomberg, Elektrabregenz, Leisure, Flavel and Altus), with sales and marketing offices located in 30 countries.

Arçelik also boasts a consistent global expansion marked by being the third largest home appliances provider across Europe. Company is the market leader in Romania with Arctic brand and in South Africa with Defy brand. Beko, the company's global brand, has been the fastest grower in the European white goods market for 2008-2015 periods.

Operating Profit
1,157
TRY million

Net Profit
893
TRY million

arçelik

beko

GRUNDIG

Blomberg
seit 1863

elektrabregenz

ALTUS

arctic

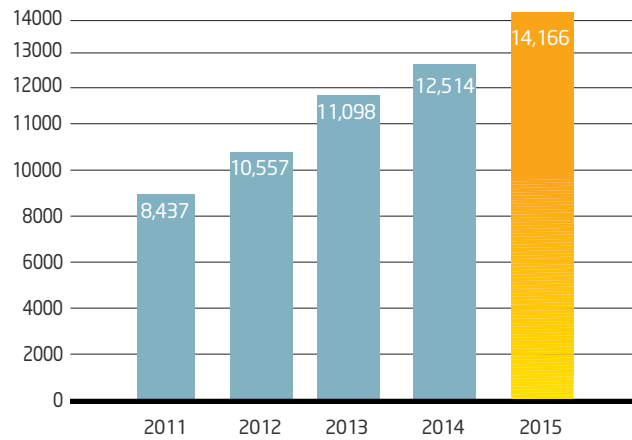
LEISURE

FLAVEL

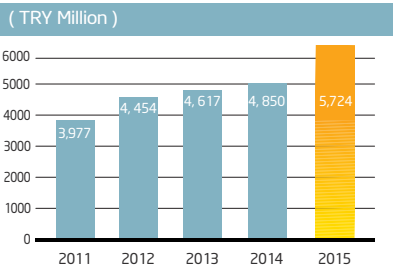
DEFY

Net Sales
2015
14,166
TRY Million

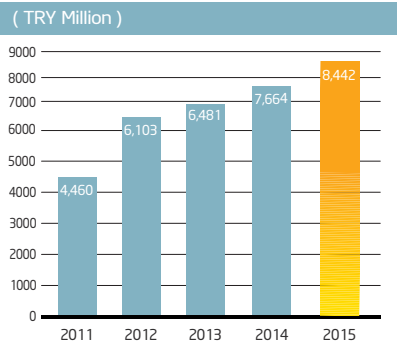
Net Sales (TRY Million)



Net Sales -Turkey

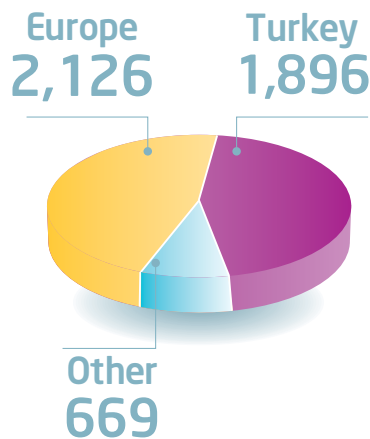


Net Sales - International



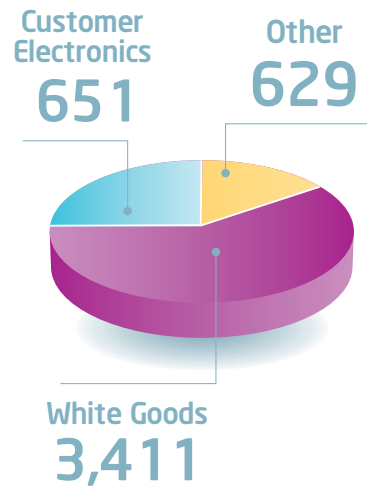
Regional Distribution of Net Sales

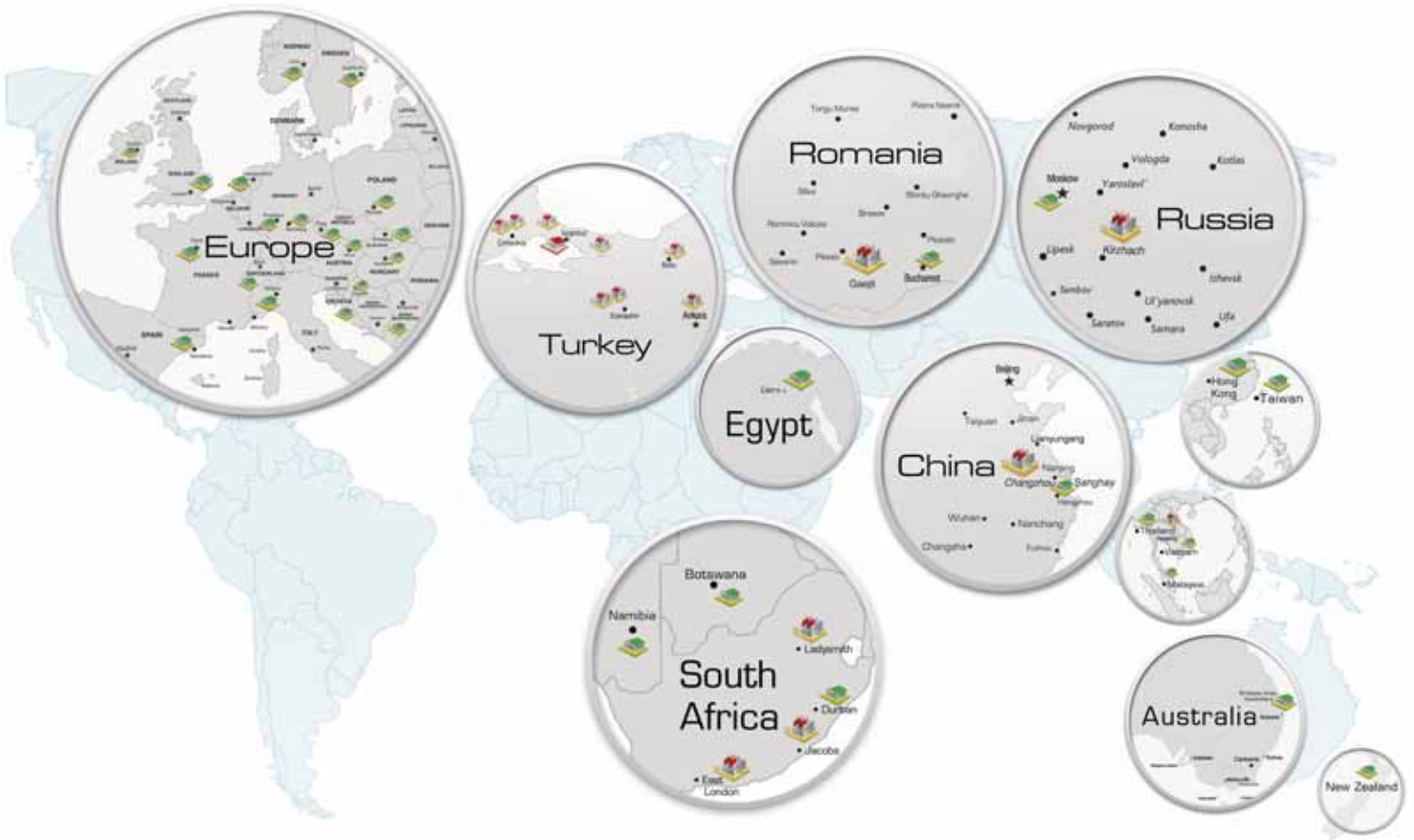
Million Euro 2015



Net Sales by Product Group

Million Euro 2015





Headquarters
Turkey/Istanbul



Production Plants- R&D Centers

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

Eskişehir
İstanbul, Tuzla
İstanbul, Beylikdüzü
Bolu
Ankara
Tekirdağ, Çerkezköy
Eskişehir
Tekirdağ, Çerkezköy
Romania, Gaesti
Russia, Kirzhach
China, Changzhou
South Africa, Jacobs
South Africa
South Africa, East London
Thailand, Rayong (*)



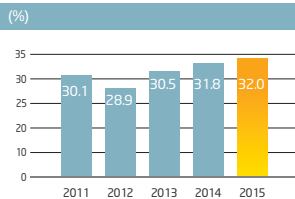
International Sales and Marketing – R&D Offices

Beko LLC.
Beko Plc.
Beko Slovakia S.R.O.
Beko S.A.
Beko Shanghai Trading Company Ltd.
Beko Ukraine LLC.
Changzhou Beko Electrical Appliances Co. Ltd.
Defy Appliances Ltd.
Defy (Botswana)(Proprietary)Ltd.
Defy (Namibia)(Proprietary) Ltd.
Elektra Bregenz AG
Grundig Multimedia A.G.
Grundig Intermedia GmbH
Grundig Nordic No AS
Grundig Nordic AB.
SC Arctic SA
Beko Hong Kong Ltd.
Beko Balkans,
Beko Thai Co., Ltd.
Beko Malaysia Appliances
Vietbeko Co., Ltd.
Beko R&D Office
Beko Plc. R&D Center
METU Technopolis R&D Center
Ardutch B.V. Taiwan
Beko A and NZ Pty Ltd.
Beko Deutschland GmbH
Beko Egypt Trading LLC
Beko Electronics España S.L.
Beko France S.A.S.
Beko Italy SRL

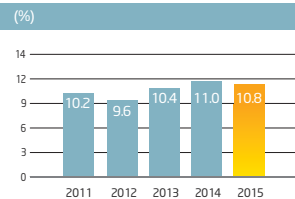
Russia
UK, Republic of Ireland
Slovakia
Poland, Czech Republic
China
Ukraine
China
Republic of South Africa
Botswana
Namibia
Austria
Switzerland
Germany, Croatia
Norway
Sweden
Romania
Hong Kong, China
Serbia
Thailand
Malaysia
Vietnam
Taiwan
UK
Ankara, Turkey
Taiwan
Australia, New Zealand
Germany
Egypt
Spain
France
Italy

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

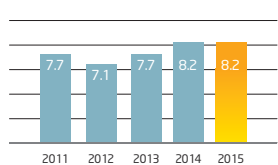
Gross Profit Margin



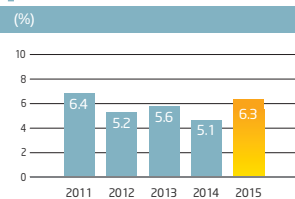
Earnings before Interest, Taxes and Depr. & Amort. (*)



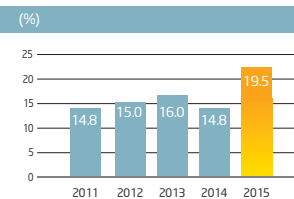
Operating Profit Margin (*)



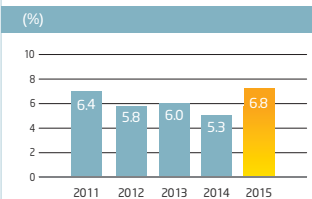
Net Profit Margin



Return on Equity



Return on Assets



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

Management Approach



Effective governance structure is the principal instrument applied by Arçelik A.Ş. in order to carry out its sustainability strategy. In this regard, constituting effective communication mechanisms that will facilitate the participation of internal and external stakeholders in corporate activities and decision-making processes is also among the chief principles determining the management approach of Arçelik A.Ş. Arçelik A.Ş. supports the managerial practices it actualizes in accordance with its commitment to corporate governance principles with modern systems and standards, it looks for ways to transform operational, financial and environmental risks facing the company and its value chain into opportunities through effective risk management practices. The Company, which forms its business and sustainability strategies in integration, regards contributing positively to the wide social, environmental and economic spheres of influence it generates in its vast operational geography as its primary mission.

- √ We increased our corporate governance rating to 9.48 out of 10.
- √ We became one of the 29 companies who were entitled to be listed on Istanbul Stock Exchange (BIST) Sustainability Index in 2015.

Corporate Governance

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

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

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

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

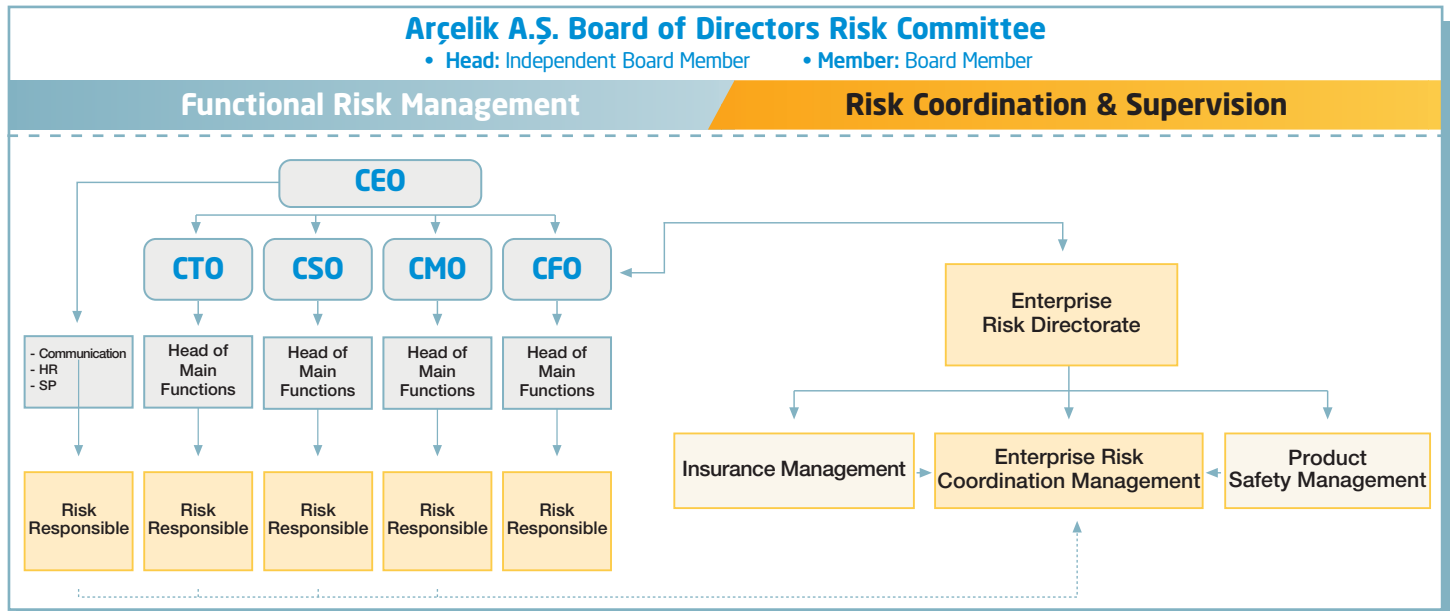
Arçelik A.Ş. Board of Directors, which benefits from various corporate governance tools and the effective organizational structure in fulfilling its duties and responsibilities, is supported by committees and specialty councils primarily in the areas of risk management, auditing, corporate governance, execution and sustainability. Risk Management Committee, which determines probable operational, strategic, financial and all other risks facing the company, carries out works to manage these risks. Audit Committee helps the Board of Directors conduct its activities in compliance with Capital Markets Legislation and CMB Corporate Governance Principles. Corporate Governance Committee, which presents suggestions to the Board of Directors regarding compliance with and improvements upon Corporate Governance Principles, also fulfills the duties of a Nomination Committee and a Compensation Committee. Executive Committee functions so as to ensure an effective coordination among Board of Directors and administrative body. Sustainability Committee, formed in 2014, 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

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

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



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

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

The Directorate that was constituted under the Assistant General Manager of Finance and Accounting conducts the processes of coordination and monitoring through risk management system tools it has built and reports to the Risk Management Committee.

Audits and controls, the principal risk management tools at Arçelik A.Ş., are conducted through multi-stakeholder practices in which independent audit institutions, Koç Holding and internal audit units participate. Internal Audit Management regularly conveys results and analyses regarding issues of significance in the audits it conducts to the Audit Committee. The committee monitors the efficiency of systems and conveys problems and solution suggestions regarding risk management and internal control mechanisms to the Board of Directors when necessary.

Sustainability Management

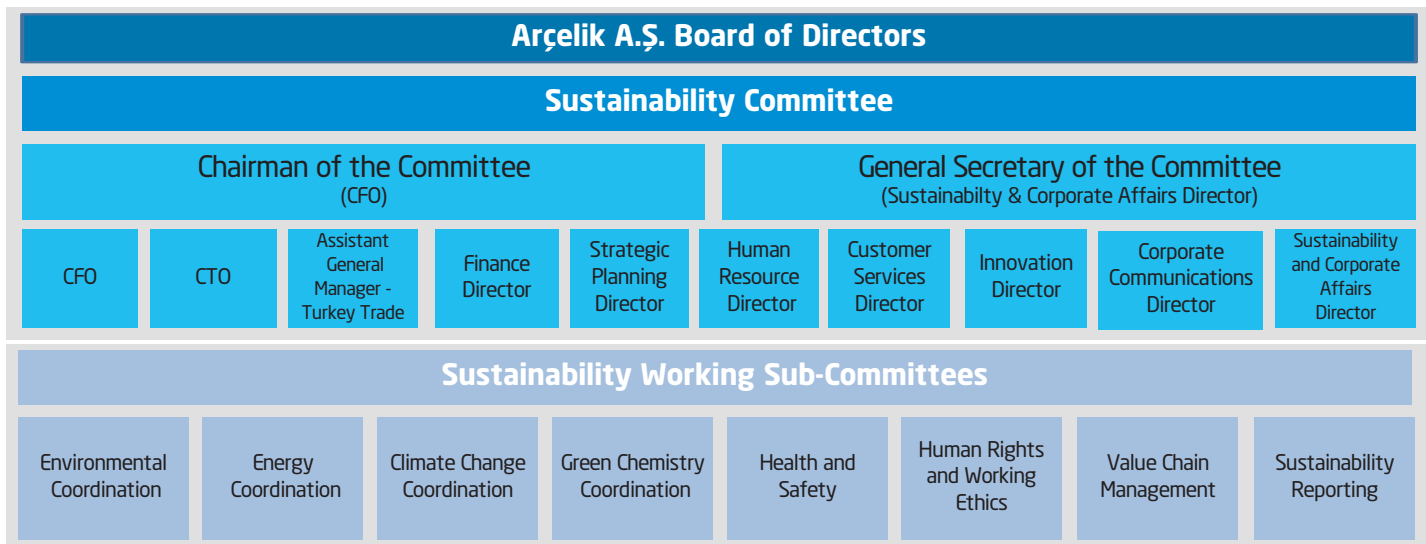
Arçelik A.Ş. generates large social, environmental and economic spheres of influence in its global operational geography and aims for its influence to have a positive characteristic through responsible and efficient sustainability management practices. The Company, which situates conducting operations respectful of society and nature at the basis of its sustainability understanding, considers stakeholder expectations in social, economic, ethical and environmental areas as its primary guide and looks for ways to transform the risks in these areas into opportunities. The dissemination of sustainability policies throughout the organization and value chain, from the administrative level to the lowermost levels, is ensured through efficient sustainability structuring. Sustainability performance is not limited to the organization and the performance of the components of the value chain is considered binding.

Arçelik A.Ş., who believes that its financial successes can only become permanent through a sustainable business model, shapes its corporate policies and strategies in accordance with its sustainability understanding and manages its business objectives and sustainability objectives in integration. The Company, which shapes its sustainability priorities in line with stakeholder expectations and aims to create maximum added value for its stakeholders in these priority areas, offers its performance results to the views of its stakeholders in accordance with the principles of transparency and accountability. The Company considers stakeholder feedbacks to be the most important input for development plans in sustainability areas, it ensures the materialization of development plans through effective audit mechanisms.

√ Sustainability Structuring

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

The subcommittees, formed on the basis of specialization and responsibility, ensure the implementation and dissemination of the decisions taken by the Sustainability Committee. Sub-Committees, formed by executives and/or experts responsible for sustainability issues, report performance results and developments in their areas to the Sustainability Committee. The Sustainability Committee, 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.



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

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



√ Identification of Material Aspects

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

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

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

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

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

√ Participation in Sustainability Initiatives

Arçelik A.Ş. fully complies with the legal regulations of the countries within its operational geography, as well as harmonizing with several voluntary codes, initiatives and regulations in social, ethical, economic and environmental areas, developed on the sectoral, national and regional plans, that determine its working principles and product qualities.

Arçelik A.Ş., which conforms to United Nations Global Compact of which Koç Group, of which it is a subsidiary, became a signatory in 2006, ensures the tracking of human rights, working standards, environment and combating against corruption principles specified in the compact both in its own operations and in supplier assessment processes. The company also ensures the auditing of its production facilities located in Turkey and abroad by an independent auditing company according to the criteria of Business Social Compliance Initiative (BSCI) and Suppliers Ethical Data Exchange (Sedex), Social Responsibility Organizations that are widely accepted in the European Union.

Arçelik A.Ş., which 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), fully conforms to the industry-specific regulations and directives of the European Union. In this regard, through CECED activities, the Company has been contributing to the preparatory studies on European Union Energy Labelling Framework Regulation, which will likely be published in 2017. Arçelik A.Ş. also participates in legislative works devoted to the harmonization of EU regulations in Turkey. In this direction, all of our products comply with all applicable EU directives, regulations and harmonized with EU standards.

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

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

Arçelik A.Ş., which supports global initiatives devoted to reducing the impacts of climate change, reports its environmental impacts in line with the guidelines of Carbon Disclosure Project (CDP), regarded as the most prestigious environmental initiative in the world. Arçelik A.Ş., which obtained A level performance score, which is the highest level, at CDP Performance Ranking in 2014, qualified to enter the global “A List: CDP Climate Performance Leadership Index 2014”. The company, which sustained its success in this area in 2015, was ranked among CDP Turkey 2015 Carbon Disclosure Leaders. The company also made a commitment regarding “Responsible Corporate Engagement in Climate Policy”, within the scope of the “Road to Paris 2015 Project”, a global project started by CDP for combating against climate change.

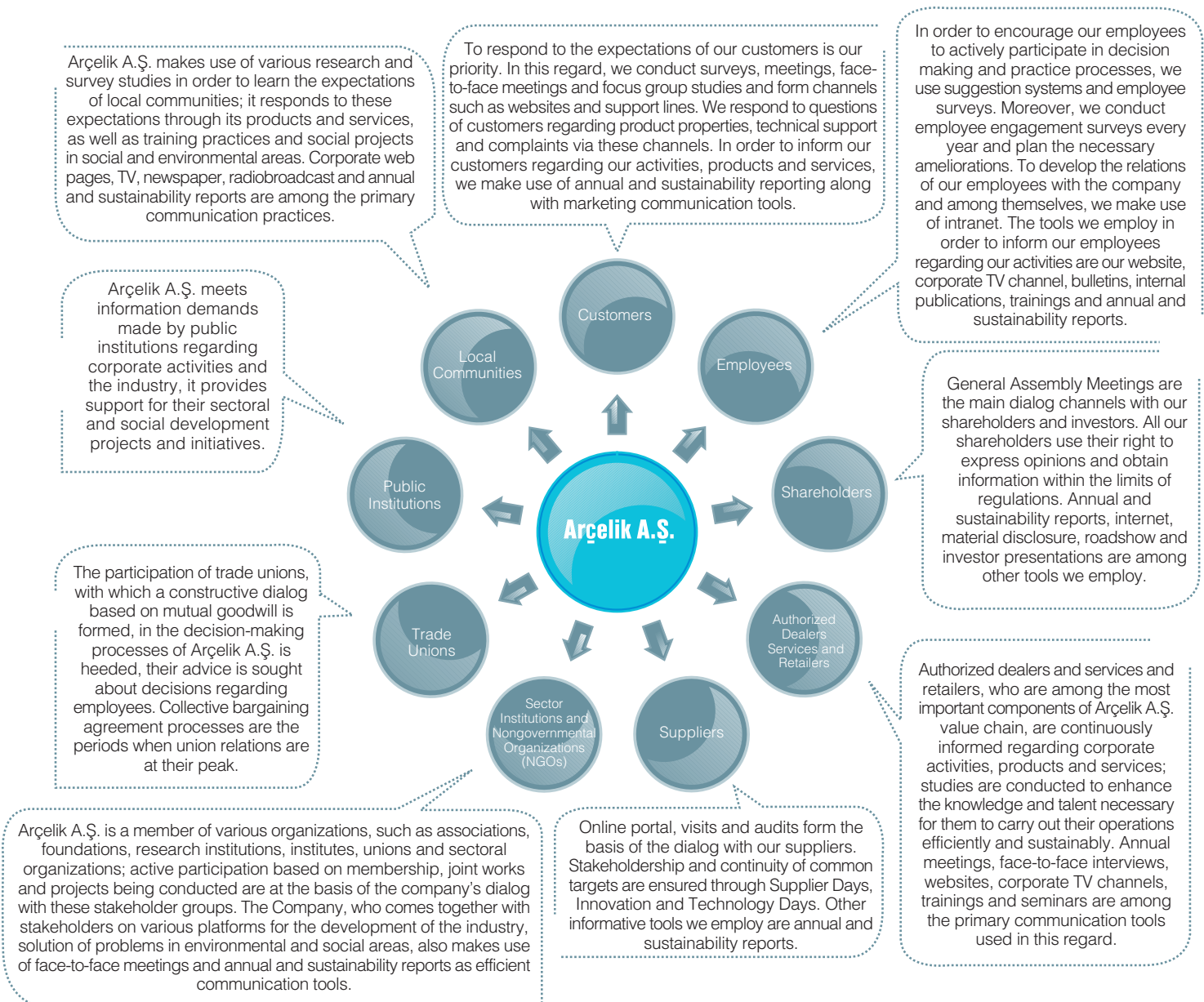
Arçelik A.Ş., which contributes to works conducted within the context of the combat against climate change, is a member of Turkey Climate Platform. Arçelik A.Ş., who has also become a signatory of “2°C Communiqué” that aims to draw attention to climate change, participates in organizations regarding climate change policies of the business world and other global actors with high level representation and actively takes charge in working groups. Arçelik A.Ş., who attended the World Climate Change Conference organized in Paris during the reporting period, following the ones in Durban, Doha and Warsaw, represented Turkey in two different panels at December 7, “Energy Day Activity”. Ragıp Balcıoğlu, Assistant General Manager Responsible for International Sales, gave a talk at the panel addressing initiatives in the area of “Energy Efficiency and Electrical Household Appliances”, organized by Sustainable Energy for All (SE4All), a joint enterprise of United Nations and World Bank. Besides, Fatih Özkadı, Sustainability and Corporate Affairs Director, gave a talk at the “Energy Efficiency: Game Changer” panel organized for the United for Efficiency (U4E) Project, an initiative of United Nations Environment Programme (UNEP) and Global Environment Fund (GEF).

Arçelik A.Ş. CEO Hakan Bulgurlu, who attended the “Climate Action and Green Competitiveness” event organized by the World Bank in Washington, DC in 2015, emphasized the significance of global solidarity, continuous investment and innovation in the combat against climate change. The company has participated in the United for Efficiency (U4E) project led by UNEP and GEF, and provided technical support for global market transformation towards energy efficient household products at developing countries, and particularly for refrigerators in South Africa and Thailand.

Dialog With Stakeholders

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

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



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

(*) Duty and participation level by year 2015.

Respect For Human and Employee Rights



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

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

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



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

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

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

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

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



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

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

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

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

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

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

Talent Acquisition

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

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



Arçelik Leadership Profile



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

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



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



Organizational Development and Talent Management

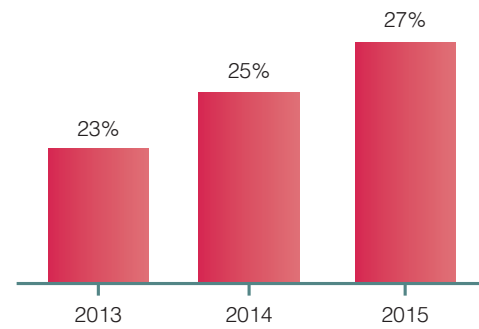
Arçelik A.Ş. acts with the principle of “enhancing global organization and capabilities thereby managing diversity” that support the corporate vision and it conducts works devoted to organizational development and human resource management every year as part of its strategic plans.

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

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

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

Potential Employee Rate *



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

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

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



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

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

Employee Development

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

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

Talent in You

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

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

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



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

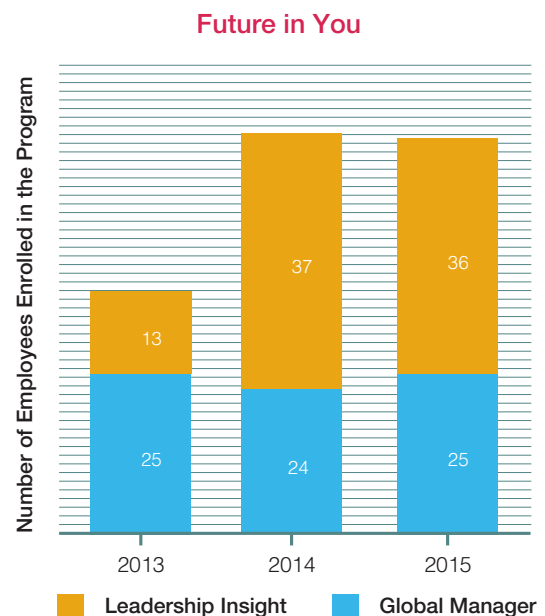
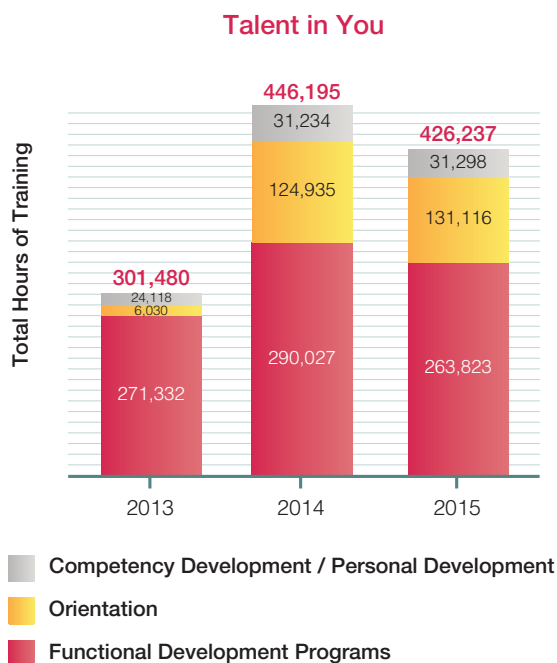
In addition to the technical and functional trainings that will improve corporate performance, the design and implementation of development activities such as foreign language trainings, seminars, webinars are also realized. Besides these, "Arçelik Competency Development Guide" that features on-the-job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

Future in You

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

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

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





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

Leader in You

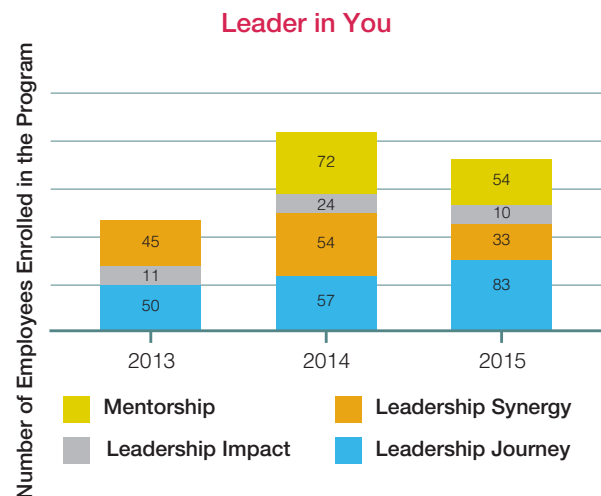
Within the framework of these programs, we support the developments of our "Managing Team", "Managing Manager", "Managing Function" and above executives on their career paths.

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

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

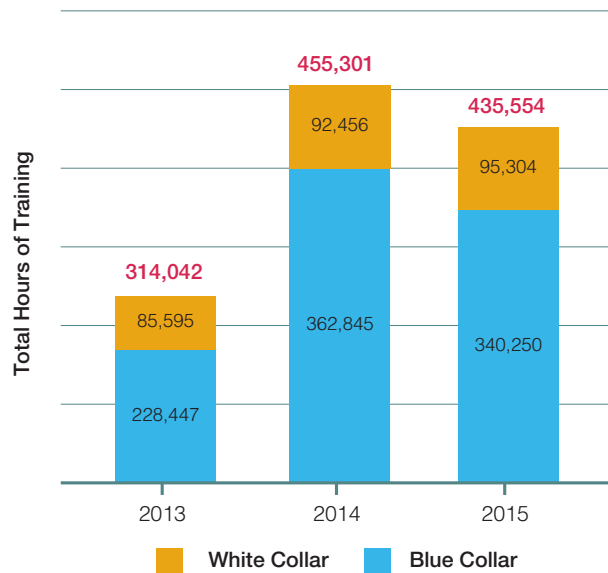
Leadership Impact: This was prepared for senior level executives in positions of "function manager and above". It aims to enhance their awareness regarding the new perspectives, new behaviors, new values required by their position and for them to adopt Arçelik Leadership Profile and critical leadership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

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





Employee Trainings*



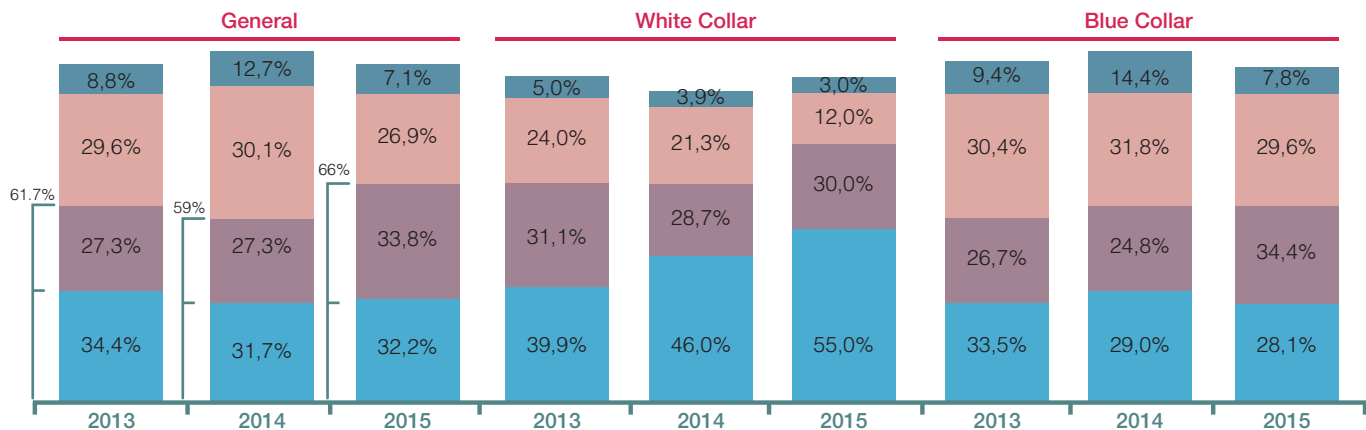
* This figure indicates values for Turkey operations.

Employee Engagement and Motivation

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

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

■ Not Engaged
■ Negative Hesitants
■ Positive Uncommitted
■ Engaged





Employee Communication

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

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

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

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

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

Award Systems

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

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

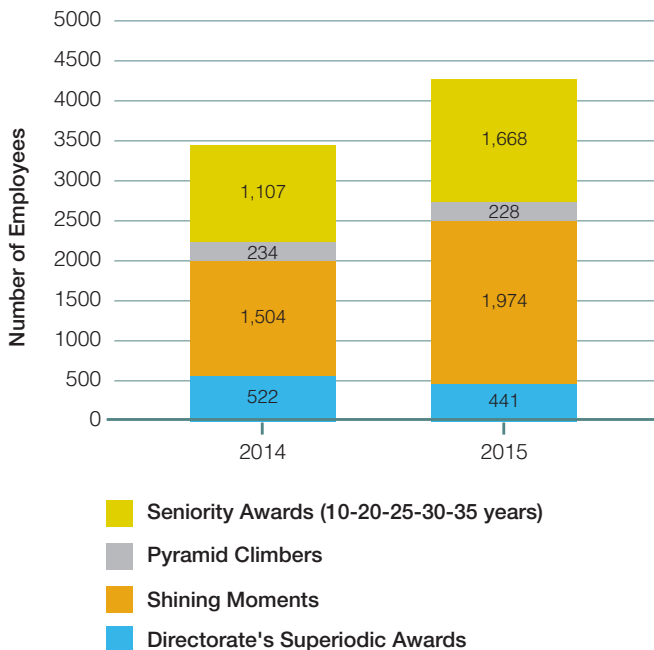
- **Creatives and Innovators:** Enables the development or implementation of a new idea or suggestion.
- **Cooperation Builders:** Develops cooperation through joint efforts within the company, with other Group companies and other institutions, creating mutual benefit.
- **Customer Satisfaction Creators:**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



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

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

Award Information



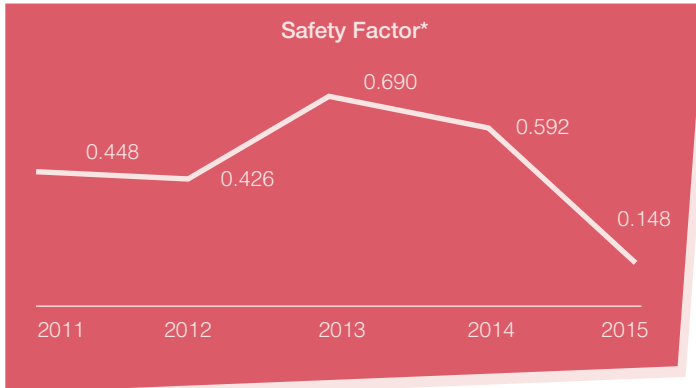
Occupational Health and Safety

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

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

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

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



*Values are valid for Turkey operations.

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

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

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

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

Freedom of Association

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

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

Number and Percentage of Employees Covered by Collective Bargaining Agreement

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

Environmental and Energy Management



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

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

Our Environmental and Energy Management Approach

The principle of “environmentalist approach throughout product lifecycle” defines the basis of our environmental and energy management approach. In this direction, we act in accordance with our environmental and energy management approach in all stages, starting with the design of our products and including the period of the completion of their lifecycle.

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

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

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

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

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

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

Objectives for 2015	Realization Status	Realization
To achieve 5% energy savings and reduce our greenhouse gas emission through energy efficiency projects.	√	The ratio of the projects' total annual financial proceeds by energy costs was realized as 5.3%.

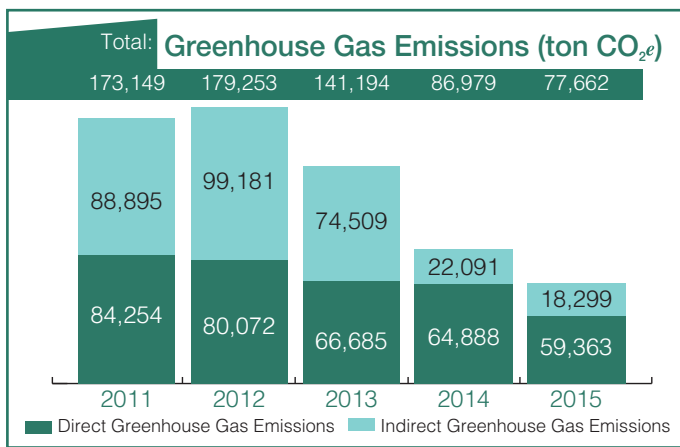
√ : Project completed

Objectives for 2016

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

Combating Climate Change

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



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

The total greenhouse gas emission caused by our Turkey operations has decreased by 11% as against the previous reporting period. While our direct greenhouse gas emission decreased by 9% in this period, the decrease in our indirect greenhouse gas emissions was realized at 17%. In comparison with the year 2010, which we take as base year, the decrease in our total greenhouse gas emission over 5 years is 51%.

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

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

We conduct atmospheric emission management 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. The emission values of all our operations are below legal limits.

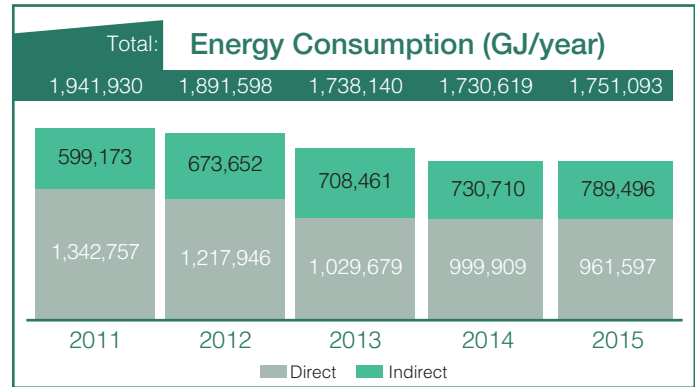
Arçelik A.Ş. realized a first in the sector in 2014 and established two recycling facilities in Bolu and Eskişehir, fulfilling the requirements within the framework of the Regulation for the Control of Waste Electric and Electronic Equipment (WEEE). At Eskişehir facility, refrigerators, coolers, air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

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

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

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

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



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

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

Energy Efficiency in Production

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

* The ratio of the projects' total annual financial proceeds by energy costs.

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

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

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

- **Polyurethane Facility Operating Time Optimization**

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

- **Absorption Refrigeration Device Investment**

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

- **Optimization of Compressor Pressure Values**

Within the context of the energy efficiency study carried out at Arctic Gaeşti Refrigerator Plant, the pressure values at the equipment operations of compressors located in the compressor station were gauged and optimized, thereby ensuring an annual electricity savings of 1,980 GJ.

- **Inverter Practice in Electric Motors**

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

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

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

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

- A+++ No Frost Cabinet Style Refrigerator
- “A+” Energy Class 90 cm Wall Type Hood
- “A+++ -30% Energy Efficient” No Frost Combi Refrigerator
- 55” UHD “A+” Smart TV
- “A++ Energy Class” Built-in Oven
- “A+++ -70% Energy Efficient” Washing Machine
- “75% Energy Efficient Cold Wash Program” Washing Machine
- “A+++ -10% Energy Efficient” Dryer Machine

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

Energy Efficiency in Products

Our products are designed and produced paying regard to energy efficiency starting with the design stage. The share of our environmentalist products, developed with our innovation approach, in production increases with each passing year. By means of the difference we create in this direction, our environmental impact is reduced, while also providing a significant competitive advantage. In this scope, we have allocated resources worth 47,057,582 TL to environmentally friendly product research and development studies in 2015. In 2015, a total of 171,264.37 GJ energy gain was ensured with energy efficient products produced in all Turkey operations, as against 2014.

Respect for Biodiversity

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

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

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



Use of Natural Resources and Waste Management



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

- √ We reduced our total water withdrawal by 10.13% as against 2014 through water efficiency works.
- √ We achieved 302,216 m³ of water savings through the works we actualized for efficient water use during the reporting period.
- √ We realized a first in our industry in Turkey with our WEEE recycling facilities in Eskişehir and Bolu, becoming the first and only producer company to establish its own AEEE recycling facility.

Integrated Waste Management

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

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

Our Objectives for 2016

- Reducing water consumption per product by 3% as against 2015 in 5 of our plants through our works for efficient water use.
- Conducting environmental awareness raising activities for the dissemination of environmental awareness throughout the company.
- Actualizing 3 projects aimed at reducing waste or improving processes at Arçelik A.Ş. plants.

Efficiency in Raw Material and Material Use

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

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

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

Raw Material and Material Consumption Amounts in Plants at Turkey

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

Wastes From Production Processes

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

Wastes by Type and Disposal Method (ton)

	Recovered	Disposed	Recovery Ratio (%)
Hazardous Waste	3,316	290	%91.96
Nonhazardous Waste	91,556	2,742*	%97.09
Total	94,872	3,032	%96.90

* Mainly domestic waste that cannot be recycled.

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

At the Electric Motors Plant;

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

At the Dryer Plant;

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

At the Washing Machine Plant;

- The phosphate sludge formation was eliminated with the change made in the paint shop process. By switching to nano-coating at the paint shop, the phosphate sludge that was realized at the level of 83.840 kg in the January-December period of 2014 was eliminated as of January 2015.
- Conventional coagulants were replaced with organic coagulants at the industrial wastewater treatment facility, ensuring a reduction in the amount of chemical used for pH adjustment. With the decrease in the amount of chemical material, a reduction of 47% was achieved in the amount of treatment sludge as against the previous year.

At the Dishwasher Plant;

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

At the Electronics Plant;

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

Recycling Project

Arçelik A.Ş. participated in the "Koç Group Recycling Project, which was initiated by Koç Group in 2010 throughout the Group within the scope of its Global Recycling Network membership. The project aims to raise awareness regarding recycling among Group employees and to collect and recycle paper, glass, metal and plastic wastes at a common standard. During the reporting period, approximately 7.88 tons of household glass waste, 56.23 tons of paper, 1.49 tons of metal waste and 3.01 tons of plastic waste were collected at Arçelik A.Ş. operations.

Use of Packages and Packaging Waste Management

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

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

Packaging Types Used for Our Products

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

Reuse, Recycling and Disposal of Products

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

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

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

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

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

Recyclability Ratio of Our Products

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

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

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

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

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

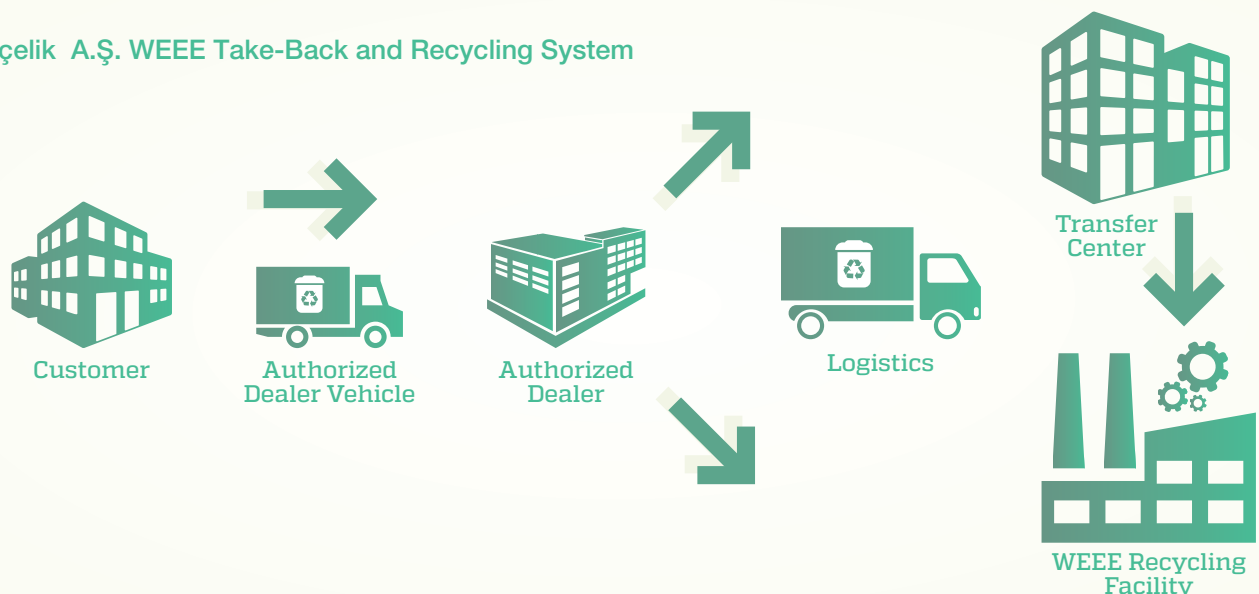
The reduction of greenhouse gas emissions is ensured especially through the recycling of old and high electricity consuming refrigerators with CFC at the recycling facilities of Arçelik, thereby also contributing to our country's combat against climate change.

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

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

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

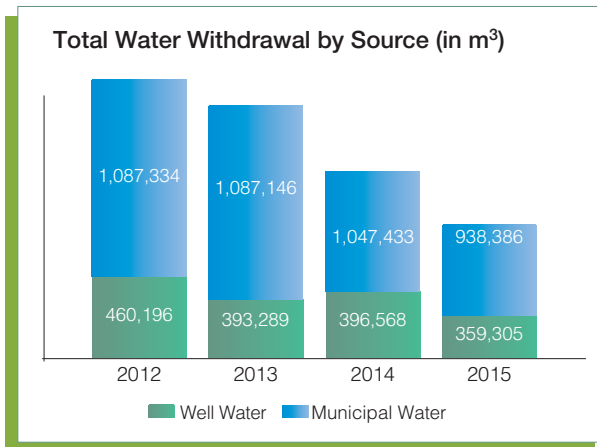
Arçelik A.Ş. WEEE Take-Back and Recycling System



Use, Recovery and Discharge of Water in Production

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

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



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

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

The household wastewater discharged from the wastewater treatment unit at the Cooking Appliances Plant is purified with the reverse osmosis system and used in toilet flushes of the plant and the treatment facility chemical preparation process. In this scope, 2,366 m³ water was recovered in 2015.

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

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

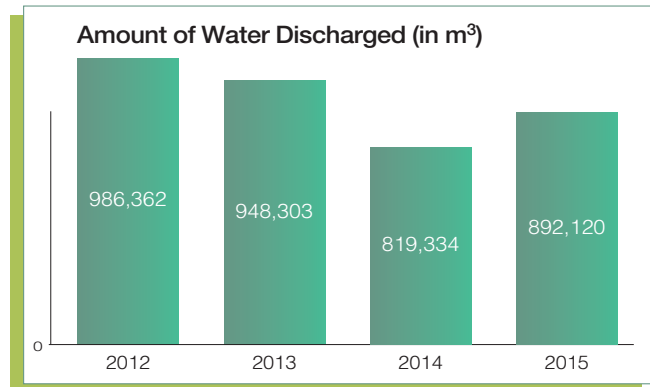
A total of 85,701 m³ water savings was ensured through improvement works conducted in the paint shop at the Refrigerator Plant. 5,107 m³ of water savings was achieved by reducing daily water evaporation at the cooling towers. A total of 5,107 m³ was saved through the reduction in the flowrate of urinals in the restrooms. With Boiler Room Reverse Osmosis Wastewater Recovery project, the water consumption was reduced and 23.055 m³ water was recovered.

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

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

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

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



* The figures included reflects values for Turkey operations.

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

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

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

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

Supply of Washing Machine Plant ion exchanger raw water tank from RO: Ion exchangers used to obtain pure water are fed by RO production water instead of municipal water. RO production equivalent to the amount that is not drawn from internal production is supplied to pure water ion exchangers.

A total of 92.273 m³ water was recovered during 2015 as part of these works.

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

Water Efficiency in Products

Arçelik A.Ş. does not limit its environmental sustainability approach to production processes, it follows a management understanding that includes all the lifecycle of its products. Water consumption arising from the use of products constitutes a significant portion of the environmental impact area of Arçelik A.Ş. The company allocates extensive resources for environmental product research and development activities every year, it develops products leading the industry in water savings.

During the reporting period, water consumption of 60 cm wide 'good' level dishwashing machines, which constitutes 85% of dishwashing machine product range, at a washing cycle was reduced, and for each product 560 ltr/year water saving was achieved. With the implementation of variable speed motors to 60 cm and 45 cm wide 'good' level products, 840 ltr/year and ltr/year water savings were achieved respectively. With the Lotus project conducted during the year, a dishwashing machine that consumes 5.5 liters was designed and put into use.





Sustainability Management in Value Chain



Managing a global value chain from innovative product designs to raw materials procurement, from distribution and exports processes to after-sales services, Arçelik A.Ş. seeks ways to create added value for its stakeholders throughout all the stages of the value chain. As far as the Company is concerned, turning its social, environmental and economic impact into a positive influence remains its fundamental sustainability homework. Moreover, the Company does not limit its aforementioned understanding to production processes; and acts in line with an understanding that focuses on the product life cycle while implementing practices that pioneer in the sustainable development within its operational geography.

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



Innovative and Superior Technology

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

Developing products that meet consumers' expectations in a variety of geographies with over 1,000 R&D staff in total working at 10 R&D centres- 8 of which are located in Turkey-, Arçelik A.Ş. remains the leader for patent ownership in Turkey while being the only Turkish company to make it to the top 200 list issued by the World Intellectual Property Organization (WIPO). The company not only develops technologies but also takes the issue of protecting the technologies it has developed seriously, and therefore it accounts for over 1/3 of the international patent applications made from Turkey to the World Intellectual Property Organization (WIPO) in addition to the half of the applications registered by the European Patent Office (EPO). During the reporting period, Arçelik A.Ş. has received the "Patent League Champion" and "Company Making the Highest Number of International Patent Applications" awards from the Turkish Patent Office according to the rankings based on the patent applications made in 2014.

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

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

Innovation Directorate undertakes “Internal Entrepreneurship” program in order to encourage employees to devise innovative business models and different products besides helping the company establish a culture of innovation within. As part of the program, employees from diverse disciplines get together and start innovative project teams while the business models and products they come up with are assessed by advisors so that the ones selected could be funded. So far 65 employees have received these program trainings and worked on 13 projects. During the reporting period, 869 people received 24,052 hours of training in an effort to create an awareness of innovation and support a number of project studies.

Held so far for 15 years in a row, “Invention Day” is another practice implemented to maintain culture of innovation throughout the company. The event awards creative ideas and inventions while 413 people have been awarded during the reporting period. “Running to the Top”, another practice undertaken in that respect, allows the company to identify the employees that are innovative and that make a difference. During the reporting period, 548 projects have been assessed in 5 categories within the scope of the award process and 32 projects have been awarded.

Innovation and Cooperation

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

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

Arçelik A.Ş. remains as the company with the highest number of projects undertaken in the Turkish private sector with 12 projects implemented within the scope of the 7th Framework Program. During the reporting period, the company maintained its leadership in that respect thanks to 4 projects (6 in total) accepted within the Horizon 2020 program. More than 400 universities, research institutes, companies from over 20 countries participate in the program featuring diverse projects from nanotechnology, innovative material technologies, home entertainment systems to factories of the future, the internet of the future, cold food chain and logistics. The company enjoys a pioneering position thanks to on-going 9 Eureka projects on top of the new applications that await the assessment outcomes.

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

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

With a view to getting the young generations of Turkey to be filled with entrepreneurship spirit and innovation, Arçelik A.Ş. has sponsored the New Ideas New Businesses (YFYI) Project Context held by Middle East Technical University (METU) Technopolis. The contest is organized under two main titles: Open for everyone with an idea for a new business, YFYI IDEA and only available for start-up companies aged 0-3, YFYI PRO. The final for the contest was organized on 5 December 2015 in METU Cultural Convention Centre.



Responsible Purchasing

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

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

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

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

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

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

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

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

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

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

Supplier Business Transparency Project (BTP) Program

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

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

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

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



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

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

Distribution and Authorized Dealer Network

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

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

As of 2016, Retail Development Academy, which is designed in parallel with Arçelik A.Ş.'s development strategy and segment based dealer needs and which will include education methods and tools such as class trainings, e-trainings and digital tools, will be put into use.

With the motivational activities called "Authorized Dealers Meetings", dealer employees are brought together to engage with different activities. Successful store employees are followed up and rewarded through Bizbize motivation platform. Successful dealers come together with the company senior management in "Top 10 Dealers" award ceremony, which is held annually.

Responsible Supply Chain

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

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

Dynamic Routing practice has continued during the reporting period and costs have been reduced through high vehicle fill rates and optimized route planning both costs and greenhouse gas emission due to product logistics have been reduced.

During the reporting period again, the steady increase in the use of maritime transport for exports has been continued and reached 82%. On the routes that allow it, the transportation between the plants and the port conducted over land roads has been replaced with railway transportation, therefore reducing the emissions stemming from the operations.

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

As part of the "Common Dealer Warehouses" practice that seeks to reduce environmental impact by reducing the distance covered during product transportation, Common Dealer Warehouses have been opened in

Eskişehir and Gaziantep during the reporting period. The total number of these common warehouses, which also ensure faster with higher quality services for customers, has reached 12.

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

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

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

- Equipment and manpower efficiency will increase,
- Mixed product loading optimization will be achieved while delivering products to customers abroad,
- Customer satisfaction will be increased thanks to decline for lead time required,
- Vehicle occupation rates will be optimized and environmental impact will be reduced,
- In warehouse maintenance, technical support and revaluation operations will be conducted on a single site to achieve faster service provision in addition to cost advantages. Construction and relocation studies will be completed and the campus will be operational in 2016.

After Sales

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

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

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

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

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

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

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

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

Customer Satisfaction Survey

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

Customer Information Security

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

Social Development



The vision of leaving a better world to future generations is the primary element that shapes the corporate vision, culture, values and ethical principles of Arçelik A.Ş. In this regard, Arçelik A.Ş. supports the direct and indirect positive economic impact it creates within its operational geography with project and support activities it develops in social, cultural and environmental areas. In addition to the added value it generates in relation to employment and growth, it also contributes to the development of the society of which it is a part through the projects and practices that it conducts or supports, designed in accordance with the principle of sustainable development.

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

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



Social Projects And Support Activities

Electrical Household Appliances Technical Training Program – Arçelik Laboratories – Turkey

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

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

I Support Gender Equality For My Country – Turkey

Arçelik A.Ş. provides voluntary support for “For My Country” projects developed by Koç Group, of which it is a part, to take joint action towards the solution of social problems and create lasting solutions by forming cooperation with the understanding of global citizenship. The practices within the scope of “For My Country I Support Social Gender Equality”, which was determined as the theme of the projects for 2015-2017, aim to raise awareness among all segments of the society regarding the causes and results of social gender inequality and to become a role model by developing an egalitarian approach in business culture and social life with an integrative approach.



• HeForShe Campaign

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

• G(irls)20 Summit

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

Arçelik A.Ş. develops practices for bringing young women into the business world and consolidating their presence in this domain. Young women are prioritized for internship programs, the rate of women employees in new recruitment is increased, it is aimed to achieve significant increases in the number of senior level women executives. Projects supporting women in achieving work-life balance are implemented, continuing trainings are provided to contribute to their career planning.

• Information Seminars for Employees

As part of the practice implemented within the context of "For My Country I Support Social Gender Equality" project in cooperation with AÇEV, awareness raising and social gender equality themed "Knowledge Mill" seminars were offered to volunteering company ambassadors. It is aimed for 38 volunteers, who qualified to become trainers at the seminar, to organize trainings devoted to all company employees, thereby raising awareness on this issue throughout the company. Awareness seminars devoted to employees are continuing on eight campuses in Turkey. Within the context of the project, information seminars devoted to Company executives were organized in cooperation with KOÇ-KAM and UNESCO.



• Volunteer Ambassador Dealer Trainings

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

No Barriers For My Country – Turkey

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

was realized in 2015, with its volunteering employees. At the seminar voluntarily attended by company employees in order to receive training, an Arçelik employee, who qualified to become a sign language teacher in 2015, also contributed as a trainee teacher.

Arçelik A.Ş. Search and Rescue Team – Turkey

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

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



International Support Activities

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

Arctic Social Project- Romania

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

• First Cooling Systems Class – Gaesti

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

• APPMathon Technology Competition

Arctic, which has been organizing competitions aimed at students under the names of "Be creative for future design" and "I Love My Future" since 2007, has organized a daily program named "App Mathon" in the reporting period. As part of the program, students are working to develop smart sensors and practices that will facilitate life during one day. Among outstanding ideas within the scope of the program are examples such as fresh airstream solution when the refrigerator door is opened, sensors that detect the expiry dates of products and opening the refrigerator door remotely.

• Open Doors Activity

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



• Support for Gaesti Hospital

Arçelik, which considers supporting local institutions as a significant part of its corporate social responsibility understanding, supports Gaesti Hospital, which serves the residents of 16 districts in the region, with its products in this regard. Arçelik, who donated refrigerators, washing machines, dishwashers and dryers to the hospital during the period, has thereby contributed to the renovation of the hospital ensuring residents of the region are offered better quality service with improvements in hygiene conditions.

• Environment Friendly Campaign

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

• Historical Heritage Preservation Vila Project Protocol

Arçelik, which attaches great importance to the preservation of historical and cultural heritages, support the renovation of the historic part of the town of Gaesti, where the plant is located, in order to contribute to the development of the region by increasing social and cultural activities.

Defy Social Projects – South Africa

• AmaZulu Community Trust

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



• Focus on the Family

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

• Cheshire Homes

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

Beko Social Projects – China

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

Beko Social Projects – Russia

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



Beko Social Projects – Poland

• The Noble Box Project

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

• Social Welfare Home

Beko supports Social Welfare Home, an institution helping poor families with various products every year. In addition to the support provided by Beko as a company, employees also donate clothes, toys, books and equipment they no longer use to contribute to Social Welfare Home. This organization where the donated products and goods are distributed to families in need is not a one-time activity, but one that spreads throughout the whole year.

• Cooperation with McDonalds Foundation

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



Arçelik A.Ş. and Sports

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

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

Beko – FC Barcelona – Spain

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

Beko - Beşiktaş Professional Football A Team – Turkey

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



Beko Basketball Bundesliga – Germany

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

Beko Basketball League – Italy

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

Contribution to Sports from Grundig – Germany, Norway, Turkey

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

Contribution to Sports from Beko – Poland

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

Awards and Achievements in 2015



Environment Awards – Achievements

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

Corporate Awards – Achievements

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

Performance Data

2011

2012

2013

2014

2015

ECONOMIC PERFORMANCE DATA

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

2011

2012

2013

2014

2015

2013

2014

2015

2013

2014

2015

ENVIRONMENTAL PERFORMANCE DATA

Arçelik

Arctic

Beko UK

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

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

Performance Data

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

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

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

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

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

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

Performance Data

2011

2012

2013

2014

2015

2013

2014

2015

2013

2014

2015

SOCIAL PERFORMANCE DATA

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

Performance Data

2011

2012

2013

2014

2015

2013

2014

2015

2013

2014

2015

Employee Turnover by Gender (%)

Arçelik

Arctic

Beko UK

Female

6.9

10.1

10.8

14.1

16.7

5.5

5.2

6.7

11.7

13.0

12.8

Male

14.9

8.9

8.5

16.2

18.7

3.2

3.9

12.2

8.4

9.3

14.0

Employee Turnover by Age (%)

<30

69.0

51.0

61.9

74.0

84.2

-

-

-

-

-

-

30-50

28.0

47.0

34.6

24.2

36.1

-

-

-

-

-

-

50<

2.1

3.0

3.6

1.8

1.1

-

-

-

-

-

-

OHS Indicators

Accident Frequency Rate (F) ⁽²⁾ 5.73

5.00

7.45

6.69

3.71

0.01

0.36

0.48

6.10

3.80

2.40

Accident Severity Rate (G) ⁽³⁾ 0.078

0.085

0.093

0.088

0.040

0.190

0.003

0.011

0.020

0.000

0.003

Safety Factor ⁽⁴⁾ 0.448

0.426

0.690

0.592

0.148

0.002

0.001

0.005

0.122

0.000

0.007

(1) During the reporting period, 769 employees in Turkey operations, 17 employees in United Kingdom operation and 2 employees in Romania operation were employed on part-time basis.

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

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

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

GRI G4 Content Index | General Standard Disclosures

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

GRI G4 Content Index | General Standard Disclosures

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

GRI G4 Content Index | Specific Standard Disclosures

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

GRI G4 Content Index | Specific Standard Disclosures

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

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

GRI G4 Content Index | Specific Standard Disclosures

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

GRI G4 Content Index | Specific Standard Disclosures

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

Independent Assurance Report



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

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

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

Executive Summary

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

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

Respective Responsibilities

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

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

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

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

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

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

Methodology Used for the Provision of Audit

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

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

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

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

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

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

Restrictions

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

Opinion Statement

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

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

Mehmet Kumru
Sustainability Team Manager

İstanbul, 20.06.2016

Mine Yenerkol
Finance Manager

İstanbul, 20.06.2016

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

Annex 1

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

General Principles and Scope

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

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

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

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

Greenhouse Gas Emissions Inventory Boundaries

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

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

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

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

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

Greenhouse Gas Emissions and Activity Boundaries

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

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

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

- Direct Greenhouse Gas Emissions:

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

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

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

- Energy Indirect Greenhouse Gas Emissions:

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

Greenhouse Gas Emissions can be separated in two subgroups as:

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

- Other Indirect Greenhouse Gas Emissions:

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

Greenhouse Gas Emissions Inventory Calculations

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

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

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

Management of Uncertainties and Materiality

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

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

Internal Audits and Control Methods

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

Opinion Restatement

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

Independent Assurance Report



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

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

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

Executive Summary

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

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

Respective Responsibilities

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

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

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

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

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

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

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

Methodology Used for the Provision of Audit

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

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

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

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

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

Restrictions

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

Opinion Statement

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

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

Mehmet Kumru
Sustainability Team Manager

İstanbul, 20.06.2016

Mine Yenerkol
Finance Manager

İstanbul, 20.06.2016

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

Annex 1

Arctic Refrigerator Plant Greenhouse Gas Emissions Inventory Summary Report, 2015

General Principles and Scope

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

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

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

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

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

Greenhouse Gas Emissions Inventory Boundaries

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

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

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

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

- Arctic Campus: The Refrigerator plant and product warehouse

Greenhouse Gas Emissions and Activity Boundaries

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

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

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

- Direct Greenhouse Gas Emissions:

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

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

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

- Energy Indirect Greenhouse Gas Emissions:

Arctic Refrigerator Plant's indirect emission resource is electricity.

- Other Indirect Greenhouse Gas Emissions:

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

Greenhouse Gas Emissions Inventory Calculations

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

The calculation methodologies and emission factors are as follows:

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

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

Management of Uncertainties and Materiality

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

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

Internal Audits and Control Methods

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

Opinion Restatement

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

Independent Assurance Report



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

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

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

Executive Summary

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

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

Respective Responsibilities

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

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

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

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

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

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

Methodology Used for the Provision of Audit

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

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

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

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

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

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

Restrictions

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

Opinion Statement

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

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

Mehmet Kumru
Sustainability Team Manager
İstanbul, 20.06.2016

Mine Yenerkol
Finance Manager
İstanbul, 20.06.2016

Annex 1

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

General Principles and Scope

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

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

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

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

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

Greenhouse Gas Emissions Inventory Boundaries

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

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

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

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

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

Greenhouse Gas Emissions and Activity Boundaries

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

Greenhouse Gas Emissions Inventory Calculations

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

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

Management of Uncertainties and Materiality

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

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

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

Internal Audits and Control Methods

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

Opinion Restatement

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

Disclaimer

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

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

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

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

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

Arçelik A.Ş. Communication

Zeynep Özbil

Corporate Communications Director
zeynep.ozbil@arcelik.com

Yasemin Başçavuşoğlu

Communications Executive
yasemin.bascavusoglu@arcelik.com

Corporateinfo@arcelik.com

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

KIYMET-İ
harbiye

Diayen Reklam



This report has been published
using recycled paper.

