

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

**Arçelik A.Ş.**  
**Sustainability Report 2013**

# *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

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Informing our stakeholders regarding our activities and their impacts transparently and accountably is a matter of utmost significance. The sustainability reports we publish annually are also an important instrument for becoming a transparent and accountable organization.

In this report, where we share our performance between January 1<sup>st</sup> and December 31<sup>st</sup> 2013, the performance data of Turkey operation was taken as a basis with regards to its significant effect on sustainability in production, sales and employment volumes and since it constitutes the largest segment of our establishment together with the central organization. However, where necessary, the company's overall performance data were also utilized.

As with our previous reporting practice, we have provided our stakeholders with our sustainability performance, which we manage under System, People, Supply, Product and Social Development focal points, in a theme-based reporting. While we preserved the number of indicators we track and report in this report, we have given more weight to the resulting topics of materiality study in the report, giving place to the remaining indicators in Performance Data. You can reach the results of our materiality study under Sustainability Management heading.

The main content of Arçelik A.Ş. 2013 Sustainability Report was prepared as to include the issues determined in consequence of the prioritization study we conducted with the participation of the Sustainability Report Work Group, where all the functions of our organization are represented, and related performances. We have used G4 Reporting Guide core application level principles published by the Global Reporting Initiative (GRI) in determining the scope, cohesiveness and content of our Sustainability Report for the year 2013. The emission data included within the scope of reporting was subjected to limited third party assurance by an independent international audit company (BSI). In preparing the content of the report, we have evaluated the stakeholder feedbacks we received in relation to sustainability issues during the reporting period and we have made comprehensive disclosures that will cover relevant expectations. In determining the content of the report, we have also included industry specific performance indicators monitored by Arçelik A.Ş. alongside the indicators included in GRI G4 Reporting Guide.

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## Distinguished Stakeholders,

I am glad to share with you our Arçelik A.Ş. Sustainability Report, which has an important place in our corporate culture and reflects our sustainability approach. Our report aims to be a both effective and transparent way of informing stakeholders of our priorities in the field of sustainability, our practices and business results, and this year it has been prepared in line with the new G4 reporting guides of the Global Reporting Initiative. We believe that we have carried our reporting one step forward with G4, the latest reporting framework published by GRI, which allows corporations to report issues critical for themselves and their stakeholders, by focusing on materiality studies.

In line with our vision, "Respects the Globe, Respected Globally", we act with a focus on "Sustainable Development" in all our processes. We manage our performance in the social, environmental and economic fields with sustainability principles and as a whole. We work for increasing energy and material efficiency and for the sustainability of resources in all our processes, from supply to distribution, as well as in our products.

We've maintained our strong and steady growth. In the last 5 years, the consolidated turnover of our Company has doubled, going beyond the level of 11 billion liras in the year 2013. We have consolidated the position of our brands in the markets in which we operate. By constantly offering our consumers higher quality and more innovative products, we have succeeded in increasing both our market share and our price index.

### **We draw our strength from our competent and well-equipped human resources.**

Behind the privileged position of Arçelik A.Ş. in the industry, and at the basis of the sustainable profitable growth strategy supporting our global journey, are our exceptionally competent and well-equipped human resources. With this in mind, we are constantly expanding the practices that contribute to the development of our employees. We take great care for all communication channels that enable us to receive feedback from our employees to be actively used. We continue to develop practices that will include our employees in decision making mechanisms. In this scope, we collected 1,726 suggestions from our employees during the reporting period and 914 of them have been acted on.

We work towards providing our employees with a safer and more peaceful working environment, improving our occupational health and safety systems and ensuring improvements in practice. In the reporting period, we have achieved a total of 53,621 man-hours training on occupational health and safety, with the participation of our employees companywide.

### **We maintain our leading position in combating climate change.**

We believe every investment that is made in the process of combating climate change ensures that the negative effects of climate change will be experienced less by society and

companies in the future. As a result of investments made in this direction, it will be possible for risks to be turned into economic opportunities and additional costs to be avoided.

We continued to be the term spokesman of the "Turkish Climate Platform of Corporate Leaders Network" on Climate Change which was founded to lead the way in establishing national and international policies in the process of the transition to a low carbon economy. We continued to contribute to studies aimed at raising awareness in this issue, establishing a sustainable business-world group and actively managing these issues.

We continued to take part in the Carbon Disclosure Project (CDP), considered to be the most prestigious and widespread environmental initiative in the world, whereby institutions share their greenhouse gas emissions and climate change strategies with international investors. Following the "Carbon Disclosure Leader" award we received in 2012, we have carried our success a step further in the year 2013 and were awarded the "CDP Performance Leader" award.

### **We develop innovative and environment-friendly products through our R&D and innovation competencies.**

Thanks to our continuous investments in the fields of R&D, innovation, quality, design and branding, which we consider to be the main carriers supporting our sustainable profitable growth strategy, our market and customer oriented business model enables us to develop leading, innovative and environmentally sensitive products and solutions that are specific to different regions, add value to the customer and create a difference. As a result of the work we have done to decrease the environmental impact of our products, we have developed A-45% energy class built-in ovens, A+++10% energy class drying machines, A+++50% energy class washing machines, A+++10% energy class dishwashers, A+++ energy class vertical deepfreezes and 41dBA – low noise level – built in ovens.

Our R&D accumulation and innovation competencies play a particularly important role in our successes. We are the company with the most R&D centres in Turkey and allocate more resources to R&D than anyone else in our sector.

Innovation is part of our corporate culture and business model and we do not limit it to products; we use innovative approaches in all our processes. After receiving "Turkey's Most Innovative Company" award in 2012, we were awarded the "Innovation Leadership" award by the Turkish Exporters' Council in 2013, as a result of our consistent studies in this field.

### **We work to minimize our environmental impacts.**

We continued to implement an environmental and energy management system in all our processes, along with our products, and to work for the efficient use of natural resources, the recovery and reduction of wastes at source and the reduction of greenhouse gas emissions.

In the year 2013, we successfully completed the ISO 50001 Energy Management System audits which we had established in 2012. We have achieved a total reduction of 8,620 tons in CO<sub>2e</sub> greenhouse gas emissions, through 105 projects completed in the field of energy efficiency in production. We achieved a total of 159,210 m<sup>3</sup> water savings with projects for reducing water consumption and recovering water. We used electricity produced from renewable energy sources in our headquarters, as well as 17 of our Regional Offices, Electronics and Cooking Appliances Plants. As a consequence of work on energy efficiency in production conducted during the reporting period, 9 of our operations located in Turkey, Romania and China received the 'Platinum certificate, which is the highest grade in the "Energy Efficient Green Facilities" ranking.

**We manage every stage of our value chain with a sustainability approach.**

We put emphasis on our purchasing and supply chain processes in our work on increasing sustainability performance. With this aim, we only include institutions operating with strong business ethics, and high environmental and quality standards in our supplier pool; we conduct training and collaboration studies aimed at further increasing the sustainability performance of our suppliers during business processes. In 2013, we continued to organize various activities in order to strengthen collaboration and communication and to share our sustainability strategies and targets with our suppliers. Over 300 company representatives from eight different countries participated in the Supplier Day organised in China. With our supplier development model, we conducted projects supporting the improvement of the infrastructure of subsidiary industries, promoted business development suggestions and rewarded their success.

We sustained our investment in our authorised dealers and services network, which constitutes one of the most important parts of our value chain. We continued to constantly improve our performance through feedback and to develop new practices in order to increase customer satisfaction. In this context, the work carried out during the reporting period has been certified with the ISO 10002 Customer Satisfaction Management System Standard.

**We act with awareness of our social responsibilities.**

While operating in different countries of the world and creating new employment opportunities, we have also conducted a wide range of social responsibility projects which contribute to social development, ranging from education to health and from environment to sports. Our employees, authorised dealers and services continued to voluntarily participate in the projects we carried out.

As part of our Electrical Household Appliances Technical Service Program, which is aimed at reinforcing the relationship between vocational education and employment, we have reached 331 students in a total of 8 schools, with 4 new laboratories we put into use. We maintained our support for the 'No Barriers for My Country' Koç Holding project, which aims to contribute to the business and social lives of those with a disability. We provided scholarships for students in South Africa, in collaboration with the Amazulu Foundation, and we supported the mentoring program



studies of The Rising Foundation, assisting the development of children in New Zealand. Following the name sponsorships in the German, Lithuanian and Italian Basketball Leagues, we became the "Presenting Sponsor" of the 2013 European and 2014 World Basketball Championships, with our brand Beko. We continued to be an official supporter of the FA Cup, the most important tournament of English football. In Germany, we maintained our Bundesliga Football League Official Technology Partnership, with our brand Grundig, and in Turkey we carried on our sponsorship for Fenerbahçe Men's and Women's Volleyball Teams. We signed a jersey back sponsorship agreement with Beşiktaş Professional Football A Team, with our brand Beko.

**We act with the responsibility of being a global organization and continue to work for our common future.**

At the same time as extending and strengthening our global organisation in line with our strategic targets, in the forthcoming period we will continue to work, with the same consistency, towards creating added value for all our stakeholders, improving our processes, and with the awareness of our responsibilities in the field of sustainability. I extend my thanks to our employees, authorised dealers and services, suppliers and business partners, our consumers who inspire us to be innovative and our shareholders whose support we always feel; you all accompany us on our global journey and are always the most important factors in the success of our company.

Sincerely,

**Levent ÇAKIROĞLU**

President, Koç Holding Durable Goods  
CEO, Arçelik A.Ş.

- 
- 2003**

    - We adopted the Corporate Governance Principles (CGP) declared by Capital Markets Board of Turkey.
  - 2004**

    - We started to publish CGP Compliance Report both in Annual Reports and on our website.
    - Packaging waste compliance was realized in Turkey before the regulations were published.
  - 2005**

    - We signed the Code of Conduct issued by CECED (European Committee of Domestic Equipment Manufacturers).
    - We started university–industry cooperation studies with different universities.
  - 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.
    - Arçelik Call Center was entitled “Best Call Center” in its category.
    - According to Nielsen Brand Survey, Arçelik is the first brand coming to mind and the brand to which customers feel closest for the last decade.
  - 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 20<sup>th</sup> year of our R&D Department.
    - 7 different R&D centers of Arçelik AŞ. set in different locations were granted “R&D Center Certificates” by Turkish Ministry of Industry and Commerce.
    - We were ranked the 95<sup>th</sup> company in WIPO's list of “the top 500 patent filing applicant” companies.
    - We have signed 2<sup>0</sup>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.
    - 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.

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 calculated our GHG emission in accordance with ISO 14064-1 standard and received a Verification Certificate from an international independent accredited organization.
- 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.
- We were granted "Turkey's Most Innovative Company" award at the "Innovation Week" event organized by Turkish Exporters Assembly.

2013

- Our corporate governance rating was raised to 9.28 out of 10.
- We received four awards at the competition organized by the League of American Communication Professionals (LACP) with our 2012 Annual Report and 2011 Sustainability Report.
- We were granted "Innovation Leadership" award by Turkish Exporters Assembly.
- We were selected "The Most Admirable and Preferred Retail Brand" in a survey conducted among customers in shopping centers.
- 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 were granted the first prize in the "Innovative Environmentally Friendly Product" category of ISO Environment Awards with "Arçelik 9658 ETI" model oven.
- We were identified as "The Most Prestigious Company" of 2012 in Turkey's Most Prestigious Industries and Companies survey.
- We qualified to receive "ISO 10002 Customer Satisfaction Management System Certificate."
- We were granted the first prize with IE3 efficient electric motors produced by Arçelik, and Jury Special Award with A-%40 efficient (9658 ETI, OIM 25603 X) BESTOVEN Built-in Oven Project in the category of Most Efficient Product at the Industrial Energy Efficiency Enhancement Project Competition organized by Turkish Ministry of Energy and Natural Resources General Directorate for Renewable Energy.
- We qualified to receive the "Green Brands" award in Austria with our brand Elektribregenz in 2013.
- We have obtained ISO 27001 Information Security Management System Standard in Information Technologies, Supply Chain, Human Resources and Financial Affairs processes.



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

It provides products and services to its consumers in 6 continents and more than 130 countries, with 14 production plants in Turkey, Romania, Russia, China and South Africa; sales and marketing offices in 25 countries and 10 brands (Arçelik, Beko, Grundig, Blomberg, Elektrabregenz, Arctic, Leisure, Flavel, Altus, Defy).

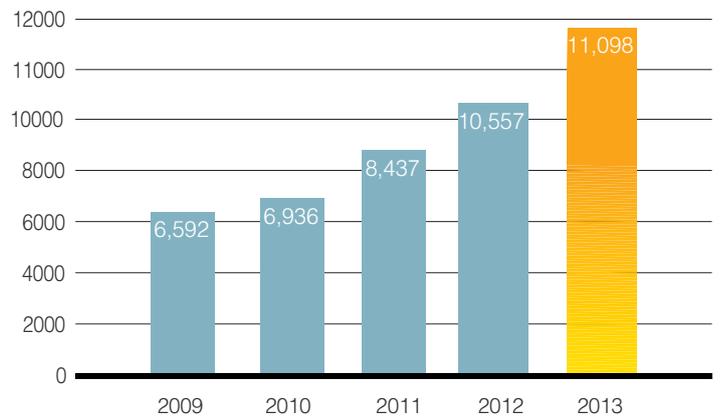


## Net Sales 2013

11,098  
TRY million

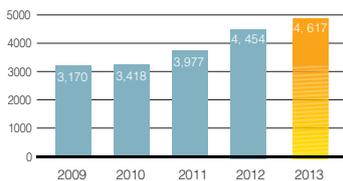
## Net Sales

(Milyon TL)



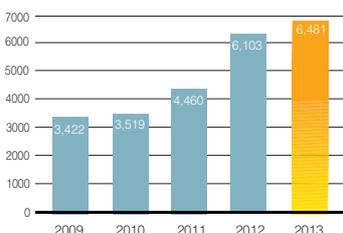
### Net sales - Turkey

(TRY Million)



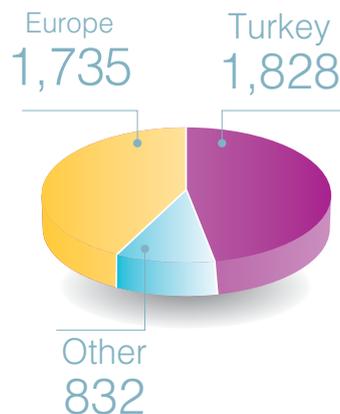
### Net sales - International

(TRY Million)



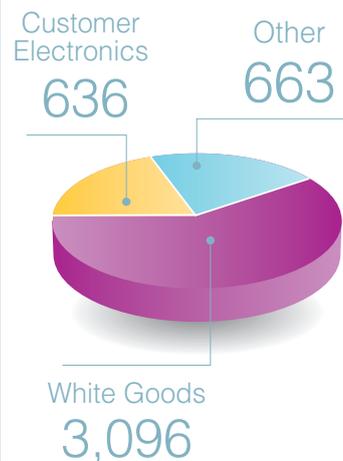
### Regional Distribution of Net Sales

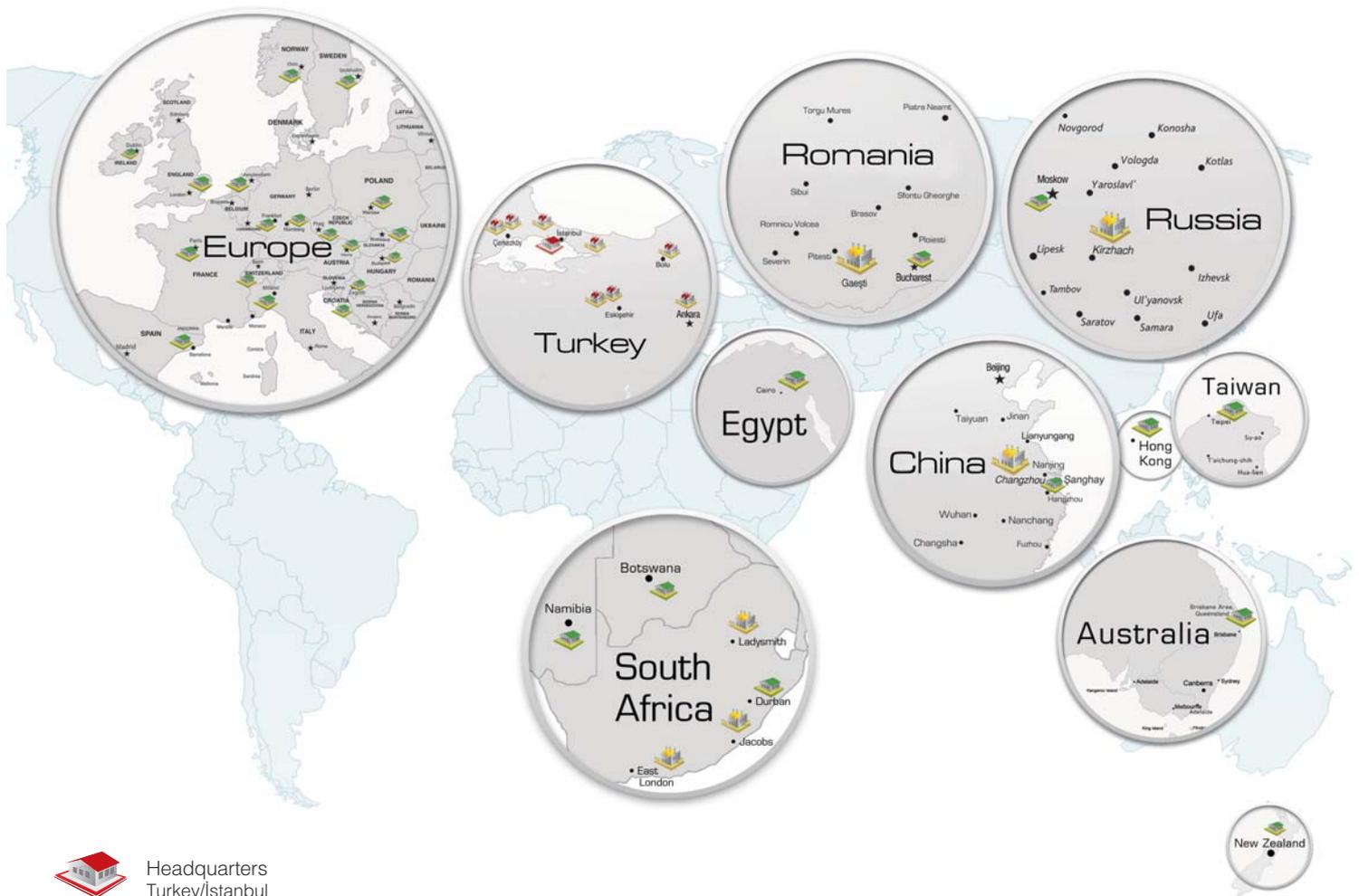
Million Euro 2013



### Net Sales by Product Group

Million Euro 2013





Headquarters  
Turkey/Istanbul

Production Plants-Turkey

Eskişehir, Turkey  
Istanbul, Tuzla, Turkey  
Istanbul, Beylikdüzü, Turkey  
Bolu, Turkey  
Ankara, Turkey  
Tekirdağ, Çerkezköy, Turkey

Refrigerator Plant  
Washing Machine Plant  
Electronics Plant  
Cooking Appliances Plant  
Dishwasher Plant  
Tumble Dryer Plant



Production Plants - International

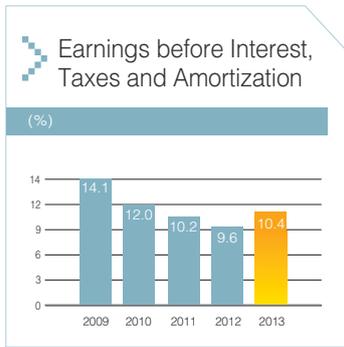
Romania  
Russia  
China Changzhou  
South Africa  
South Africa  
South Africa

SC Arctic S.A.  
Beko LLC  
Beko Electrical Appliances Co. Ltd.  
Jacobs Cookin Appliances and Tumble Dryer Plant  
Ezakeni, Ladysmith Cooling Appliances Plant  
East London, Refrigerator Plant

International Sales and Marketing

Germany  
Austria  
Czech Republic  
China (Shangai)  
France  
UK  
Spain  
Italy  
Slovakia  
Poland  
The Netherlands  
Australia  
Taiwan  
Romania  
Russia  
China  
South Africa  
Egypt  
Ukraine

Beko Deutschland GmbH  
Elektra Bregenz AG  
Beko S.A. Cesko  
Beko Shanghai Trading Co.  
Beko France S.A.S.  
Beko Plc.  
Beko Electronics Espana S.L.  
Beko Italy S.r.l.  
Beko Slovakia S.R.O.  
Beko S.A.  
Grundig Multimedia B.V.  
Beko A and NZ Pty Ltd.  
Ardutch B.V.  
SC Arctic SA  
Beko LLC  
Changzhou Beko Electrical Appliances Co. Ltd.  
Defy Appliances (PTY) Ltd.  
Beko Egypt Trading LLC  
Beko Ukraine LLC



# Management Approach

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We believe in the necessity of strong governance for sustainable growth, we act with an understanding of management centering on stakeholder expectations through two-way communication mechanisms we have established across all our stakeholder network. In line with our principle “Respects the Globe, Respected Globally”, we actualize processes that will create added value for all our value chain, we conduct activities for our business culture, which we have formed in light of the concepts of responsibility and sustainability, to be adopted by all the elements of our value chain.

We offer our constant development and institutionalization oriented business culture to the service of our stakeholders with our superior ethics and management understanding which we take over from Koç Holding, with which we are affiliated. We improve our corporate governance understanding through modern managerial principles and systems; we actively manage strategic, operational and financial risks with accurate risk management practices; we constantly develop our performance in social, environmental and economic fields through sustainability policies and practices that we improve in line with the expectations of our stakeholders.

- √ Our corporate governance rating was raised to 9.28 out of 10.
- √ 4 independent members were elected to our Board of Directors consisting of 12 members.

## Corporate Governance

We support our corporate governance understanding, which we define in line with the principles of accountability, responsibility, equality, openness and transparency, with global and top-end systems and standards. We constantly develop our corporate organization and practices and increase our corporate governance performance. We have increased our corporate governance rating of 82.09%, determined by independent assessment in 2009, which allowed for our inclusion in the ISE Corporate Governance Index, to 85.53% in 2010, 85.91% in 2011, 91.07% in 2012 and 92.80% in 2013.

Our management structure is a single stage system with a Board of Directors elected by the General Assembly. The Board of Directors, consisting of 12 members, includes 4 independent members and 1 executive member (General Manager). All members of the Board of Directors are responsible for the economic performance of the company, while the General Manager also has executive responsibility for performances related to social and environmental issues. The offices of the General Manager who is at the top of the executive body and that of the Chairman of the Board are held by separate individuals.

Arçelik A.Ş. Board of Directors benefits from various specialty committees to conduct its duties and responsibilities. The Audit Committee, which conducts its activities as stipulated by Capital Market Legislation and CMB Corporate Governance Principles, consists of 2 independent board members. The Corporate Governance Committee, which fulfills the duties of a Nomination Committee and a Compensation Committee and presents suggestions to the Board of Directors regarding compliance with and improvements upon Corporate Governance Principles, is comprised of two independent board members.

The Risk Management Committee was founded with the participation of the nonexecutive Chairman and two independent Board members, in order to determine operational, strategic, financial, and all other risks and manage them. Furthermore, the Executive Committee was founded with the participation of 6 non-executive Board members, in order to plan the strategic orientations regarding company operations and support the Board of Directors in following practices and investments. For detailed information regarding Arçelik A.Ş.'s corporate governance structure, members of the Board of Directors and senior management, you can visit the tabs "About Arçelik A.Ş." and "Investor Relations" at [www.arcelikas.com](http://www.arcelikas.com).

## Risk Management

Risk management at Arçelik A.Ş. is administered with a holistic approach on every organizational level starting with the Board of Directors. The Board of Directors forms internal control systems to include risk management and information systems and processes that can minimize the impacts of risks that might affect the stakeholders of the company, primarily our shareholders, taking into consideration the views of relevant Boards of Directors committees. The Risk Management Committee was founded to recognize risks that might endanger the existence, development or permanence of the company ahead of time, to implement necessary precautions regarding the determined risks and to conduct studies aiming for the management of the risks. The Risk Management Committee has started the Corporate Risk Management Program aiming to increase the profitability of Arçelik A.Ş. and to create competitive advantages, considering the factors of strategy, process, man, technology and accumulation of knowledge throughout the corporation, which will help towards the growth targets of Arçelik A.Ş. and satisfy the expectations of internal and external stakeholders.

The Internal Audit Department organized under Assistant General Manager, Finance and Accounting relays information to the Audit Committee through meetings realized during the year, for the healthy execution of the internal control mechanism. The committee continuously monitors the functioning and effectiveness of the system and transfers problems regarding the internal control mechanism and solution proposals to the Board of Directors. Crisis management program and tools were developed for the management of unexpected situations that might arise in consequence of the materialization of probable risks for Arçelik A.Ş. and all its subsidiaries abroad, on a country basis, so as to preserve the company and stakeholders from loss.

Sustainability Management

Accountability and transparency are important elements of our business strategy. We follow all our activities in this direction, accommodating our targets. Our corporate policies play an important role in the management of our activities. Thanks to these documents defining corporate business principles and procedures, particularly Ethical Values, Environmental and Energy Policy, Quality Policy, Occupational Health and Safety Policy, Human Resources Policy, Customer Satisfaction Policy, Information Security Policy, Social Responsibility Policy, Supplier Working Conditions and Public Disclosure Policy, we realize sustainability management and actualize our performance enhancing studies.

We closely follow the performance results of our activities and conduct improvement studies according to the acquired results. Furthermore, we take into consideration the feedbacks we receive from our stakeholders in all our processes, we ensure the necessary arrangements in our activities according to their views and demands. We transparently share with the public the results we achieve in consequence of all this integrated structure.

Arçelik A.Ş. corporate policy documents can be accessed at Investor Relations, Sustainability, Human Resources and Purchasing tabs of the corporate website [www.arcelikas.com](http://www.arcelikas.com).

The sustainability priority issues and stakeholder studies determined in the previous reporting period at the workshop organized with the participation of Arçelik A.Ş. Sustainability Work Group, where our activities and organizational structure are represented in all their dimensions, were reviewed for the reporting practice in 2013 to be realized in accordance with the requirements of Global Reporting Initiative G4 Reporting Standard and AA1000 Stakeholder Engagement Standard (AA1000SES).

During the reporting period, a study was held with the participation of sustainability work group and senior management, in order to evaluate the impacts of sustainability management material issues over stakeholders. In order to include the stakeholder feedbacks on the issues into the evaluation, meetings were held with various department representatives and the views conveyed to them were heard, and the sustainability priorities were determined. The material issues, evaluated in this regard were risk management, business ethics, environmental approach in production processes, talent management, occupational health and safety\*, sustainability management in value chain\*, innovative

and environmentally-friendly products, quality and safety of products, sales and after sales services, and social development.

The determined material issues form the structure and content of Arçelik A.Ş. Sustainability Report. In the report, disclosures on management approach, policies, performance results and objectives regarding issues are presented thoroughly. The topics manifested as a result of determination and evaluation of material sustainability issues are of equal significance to Arçelik A.Ş. and they are managed via strategies, policies and management systems. Arçelik A.Ş. Management System is the sum of workforce and workflows organized towards the corporate vision. We employ various standards and methodologies to increase the efficiency of the management system. While we form our working systematic in all our facilities, we adopt standards such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 14064-1 Greenhouse Gas Emission Reporting Standard Management System, ISO 10002 Customer Satisfaction Management System, ISO 27001 Information Security Management System, ISO 17025 Laboratory Management System and methodologies such as Product Life-cycle Management (PLM), Total Productive Maintenance (TPM), Six Sigma. We manage these standards and methodologies in an integrated manner under the umbrella of EFQM Excellence Model. We use a variety of central systems and software such as Document and Process Management Software (QDMS), which works over the company's intranet (ARPORT), to facilitate the integration and practices of our management systems. We evaluate the realizations we get as a consequence of our target oriented studies within the frame of a performance measuring system and we present the findings to our stakeholders through various communication methods. We employ the feedback we obtain to develop our strategic directions, systems, processes, products and practices. As a matter of its working principles, Arçelik A.Ş. pursues its practices in total compliance with all legal regulations regarding activity processes and product quality. Apart from legal regulations, we also comply with voluntary codes, initiatives and regulations determining working principles and product qualities regarding social, economic and environmental aspects at sectorial, national and regional levels.

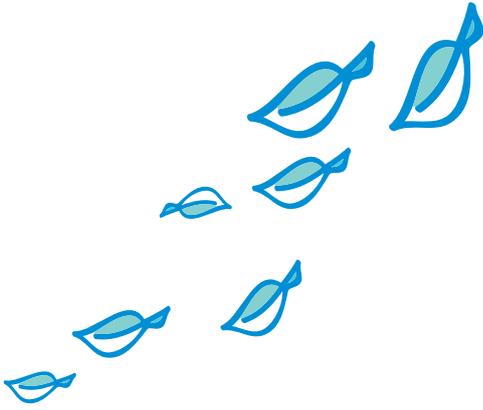
All listed issues are determined to be material within Arçelik A.Ş. The issues indicated with “\*\*” at the end are determined to bear materiality within Arçelik A.Ş.’s supply chain as well, hence they were evaluated in this regard within the scope of reporting.



In 2006, Koç Holding became a signatory of UN Global Compact. As a Koç Holding subsidiary, Arçelik A.Ş. complies with the UN Global Compact. Apart from our corporate practices, we also follow the working principles of Global Compact in supplier evaluation processes.

Domestic and overseas production plants of Arçelik A.Ş. have been audited by an independent auditing firm and received compliance reports within a program based on the criteria of Social Responsibility Organizations, BSCI (Business Social Compliance Initiative) and Sedex (Suppliers Ethical Data Exchange), which are widely accepted across the European Union.

Arçelik A.Ş. holds 37 national and 7 general compliance certificates with regards to its product qualities. A major part of the content of these compliance certificates is formed by the environmental and social impact of products. Besides, as an active member of European Committee of Domestic Equipment Manufacturers (CECED), Arçelik A.Ş. has been complying with the relevant regulations and directives of the European Union and participating in stakeholder dialogues for the cohesion of Turkish regulations. In this regard, we comply with the Eco Design Conditions for Energy Using Products Directive (EuP), Waste Electrical and Electronic Equipment Directive (WEEE), Restriction of Hazardous Substances Directive (RoHS) and EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations.

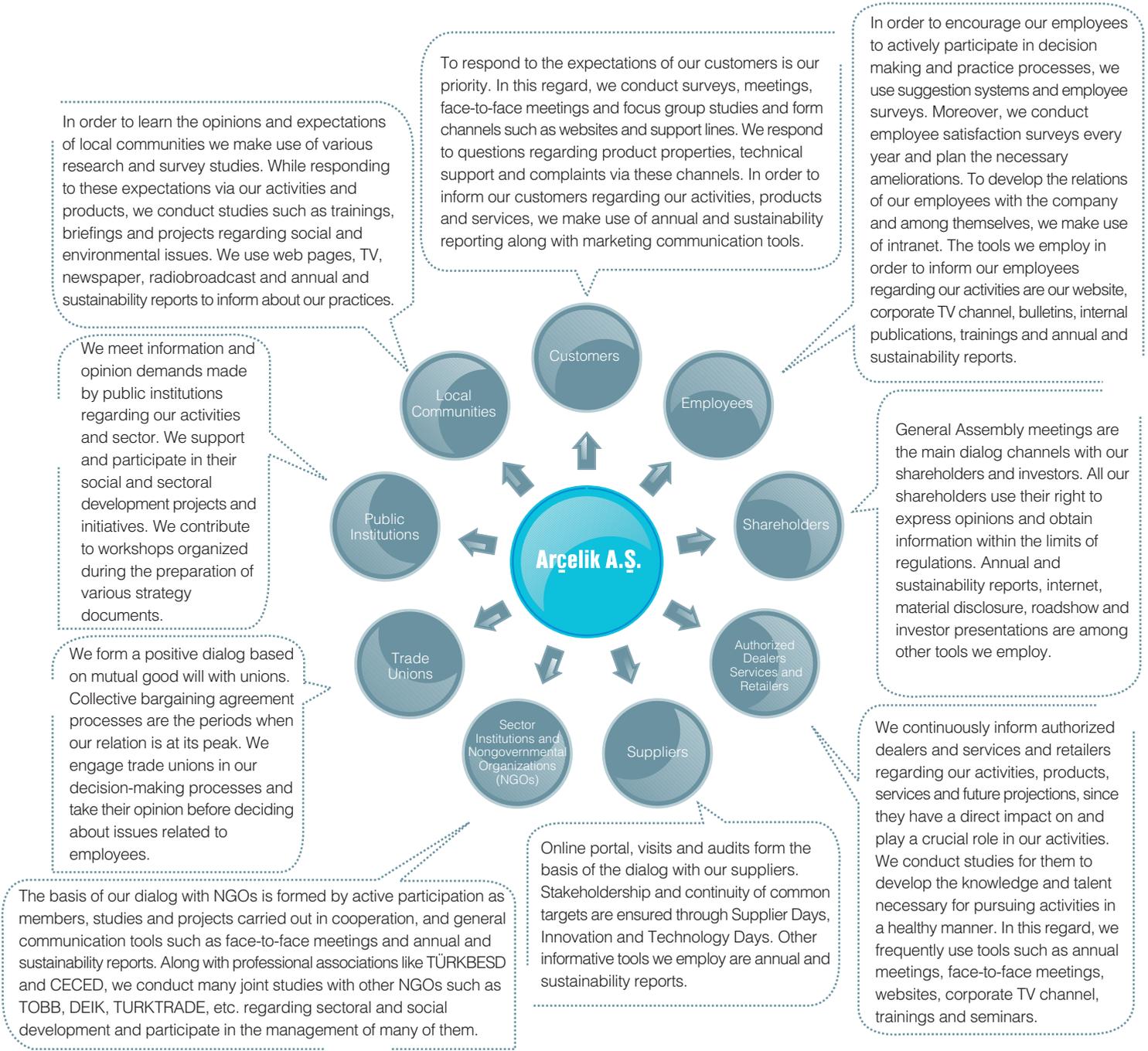


For detailed information regarding the directives Arçelik A.Ş. complies with, you can visit the Sustainability tab at [www.arcelikas.com](http://www.arcelikas.com).



Dialog With Stakeholders

Understanding the views and expectations of our stakeholders is another component in the improvement of our performance. Drawing on this understanding we form open communication platforms with our stakeholders; we adopt a transparent, accountable and participatory management approach. In the identification of stakeholder groups to establish dialog with, our stakeholders who can undertake productive studies towards a common goal, who adopt our ethical values and with whom we can create permanent values are prioritized. We develop sustainable dialog channels by taking into account the characteristics of the target stakeholder group in the establishment of dialog platforms for our stakeholders. We take the qualifications required by our stakeholders and their position in our activities as a basis for determining the structure and practice frequency of channels of communication with our stakeholders.



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

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





Presenting our employees, who are our most valuable asset, with a fair, participatory, healthy and safe working environment where they are valued is among our business priorities. In this direction we continuously strive to create a discrimination free working environment, implement business processes respecting human and employee rights, assign communication mechanisms to support the participation of our internal stakeholders in decision making processes and realize pioneering applications in the field of occupational health and safety.

- √ We provided new employment opportunities and increased our number of employees.
- √ We provided our employees and subcontractors with 7,560 man\*hour environmental and energy trainings.
- √ Our employees in Turkey provided a total of 1,726 suggestions, of which 914 were actualized.
- √ We realized a total of 53,621 man\*hour training concerning occupational health and safety companywide.



## Sustainable Success

We acknowledge that competent and happy employees are indispensable for the sustainability of our success and we make a tremendous effort to develop our human resources policies and practices in this direction. As an institution respecting human and employee rights, we comply with all legal regulations in these areas, we secure our performance in these areas through policies we develop within the company and we continuously improve our human and employee rights policies and practices with the feedbacks we receive from our employees.

In line with our approach of respecting human rights, we recognize all our employees as equals regardless of ethnic background, race, language, religion, age, gender, nationality or disability, we act according to the principles of right person for the right job, equal wage for equal labor, merit based on success and equal opportunities for all, in human resources processes. We also commit to comply with all laws and regulations regarding equal rights and prevention of discrimination and we prevent "Child Labor and Forced and Compulsory Labor" in line with labor legislation and policies developed in this context.

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

Global initiatives we are affiliated with constitute another element determining our approach to human and employee rights. We are one of the first signatories of the Code of Conduct on Corporate Social Responsibility prepared by CECED (European Committee of Domestic Equipment Manufacturers) and a member of Business Social Compliance Initiative (BSCI) through our subsidiaries abroad.

In line with the commitments of the initiative, we have accepted for all our production plants to be audited by independent auditing organizations, on practices related to legal compliance, freedom of association and collective bargaining, prevention of discrimination, remuneration, working hours, occupational health and safety, job security, management systems and other relevant social responsibility principles.

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

To support our practices regarding human and employee rights, we benefit from the "Ethical Rules of Conduct and Implementation Principles" we have formed aiming to disseminate corporate ethical values among our employees with the same strength and to secure their transfer to future generations. The Ethical Conduct Board, consisting of the General Manager, related Deputy General Manager, Human Resources Director and Legal Advisor, which we established to ensure the effective implementation of these rules, has received no complaints during the reporting period.

You can reach our Company's Ethical Rules of Conduct and Implementation Principles at The Human Resources Section of Arçelik A.Ş. website.



## Freedom of Association and Collective Bargaining

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

Percentage of Employees Covered by Collective Bargaining Agreement

	Total Number of Employees	Number of Employees Covered by CBA	Percentage of Employees Covered by CBA
Turkey	15,358	13,025	85
Companies Abroad	8,034	4,533	56

Arçelik A.Ş. is a member of MESS (Turkish Employers' Association of Metal Industries) and its blue-collar employees are members of the Union of Metal Workers of Turkey. In May 2013, Collective Bargaining Agreement, which covers 01.09.2012 –31.08.2014 period, was signed between MESS and Turkish Metal Trade Union. Regulations regarding Occupational Health and Safety are included in this agreement. In the reporting period, 138 employees participated in employee unions while 2 employees took office in the employer union.

## Internal Communication

We acknowledge that sustainable success can only be ensured through effective communication with our employees, we are looking for ways to create a common corporate language and effective/transparent communication mechanisms across our vast operational geography. We improve our internal communication mechanisms, which constitute the basis for multifaceted processes such as improvement suggestions regarding business processes, participation in corporate decision making processes and feedbacks regarding employees' business life, in light of technological novelties and employee feedbacks. We constantly improve our performance in this area.

We ensure that our employees provide feedbacks regarding the activity and efficiency of business processes, we reward and encourage the participation of employees by awarding them points for every

suggestion they provide, through the Suggestion System which is one of our most important communication tools. We evaluate each suggestion received from our employees through our committees and we actualize appropriate ones. During the reporting period our employees in Turkey provided 1,726 suggestions, of which 914 were actualized.

We ensure that our employees are informed transparently and rapidly about corporate activities through internal communication practices such as our online magazine Aydıbir, internal announcements, newsletters and e-mails, we take steps to facilitate the communication of our employees amongst themselves with practices such as our global intranet system that was renewed during the previous reporting period.

We conduct various sharing, entertainment and surprise oriented activities for our employees and their families with the brand Pause & Play developed with the aim of increasing employee satisfaction.



### Employer Brand Communication

With the Employer Brand project started in 2012 by our Human Resources department, we aim to place Arçelik A.Ş. in a different and privileged position than its competitors as an employer, to enhance the employer brand perception, to attract appropriate talents to the company and to keep existing talents in hand. As of the reporting period, we started including employer brand values in all our external communication and we verbalize our technology, globality, career and development and respectability themed messages as well as our success, good practices and working environment at university activities and Arçelik Career Facebook and LinkedIn pages activated in 2013.

We bring together our employees and our managers with Communication and Sharing Meetings organized at different business levels, we take their feedbacks regarding primary business processes and we encourage their active participation in corporate activities and decision making processes.

we realize the dissemination of targets and strategies, starting with higher levels, among departments and individuals, we ensure the adoption of common targets and prepare the ground for the measurement and assessment of business processes with the right indicators. We include all our white and blue collar employees in performance evaluation processes starting with their recruitment and we provide feedbacks that will guide them in their career development processes through active competence and potential assessment methods.

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

We aim to constantly improve the performance of employees, and thereby of the company, and we ensure that their competences are current through training and development programs we prepare in line with the requirements of our global organization. Alongside trainings focusing on knowledge, talent and competence development, we offer programs that prepare leader candidates to their future roles, we look for ways to constantly improve the practices we develop in order to raise leaders who will reinforce our organization.

### Employee Development

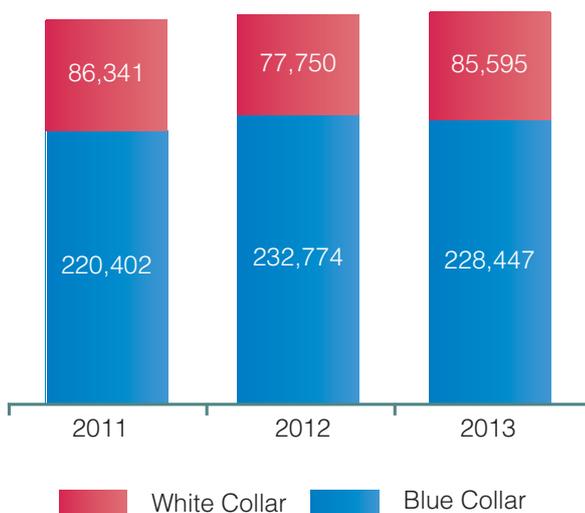
We offer active development programs and practices for our employees to improve their talents and competences, we actualize career development activities which start with recruitment processes and continue during their Arçelik A.Ş. careers. We do not limit the development of our human resources with occupational trainings and programs, we also support them with practices that maintain work-life balance and accompany their personal developments. In line with our objective to incorporate the most qualified and talented professionals, we implement multiphase evaluation practices in recruitment processes, thereby creating the opportunity to observe their competences thoroughly. Through active target dissemination processes,



In the reporting period, we have provided 38.5 hours of training for our white collar employees, 17 hours for our blue collar employees and 20 hours for all our employees, in average.

We not only subject our employees to active performance evaluation and career development practices, but also realize implementations that will maintain their work-life balance to be able to provide the basis for their individual development. We comply with the legal working hours of the countries in our operational geography, we create spaces where our employees can pass their time besides working hours with sportive and cultural opportunities we offer. We provide facilities such as fitness centers, tennis and basketball courts and football fields on campus, while we also encourage them to sport off-campus through activities such as kayak and bowling tournaments. We participate in Koç Sports Festival organized by Koç Group, of which we are an affiliate, every year and we encourage our employees to participate in competitions in different branches.

Employee Trainings by Status (total hour)



### From Campus to Career

We perceive the collaborations we realize with universities primarily as our investments for the future, and we therefore regard the academia as one of our important stakeholder groups. We continuously develop our academic relations which we conduct within the main frameworks of university-industry collaborations, internships and other education and training practices and we look for new implementations that will increase our mutual gains.

We conduct various studies within the context of university-industry collaborations which include studies in social issues such as sales, marketing, human resources and financial works alongside technical issues such as R&D, engineering, production and information technologies. In line with the importance we attach to R&D, we provide appropriate platforms and studying opportunities for students pursuing their graduate and doctoral studies, support scientific studies and conduct collaboration projects with domestic and foreign universities.

## CEMS

CEMS is a program aiming to raise the leaders of the future with a profile that will satisfy the needs of international institutions through the collaboration of university and business world. Arçelik A.Ş., who became the first Turkish company to join CEMS, that has a worldwide strategic network, through the collaboration it realized with Koç University Institute of Management, takes on a significant task by contributing to the raising of the global leaders of the future with the internship, seminar and project opportunities it offers to the students.

40-50% of the new recruitment we realized during the business year consists of new graduates. For this reason we see the internship practice as an important opportunity in order to know our potential employees. We offer fixed term or part time employment opportunities to the appropriate ones among graduates who complete their internships within the company, we do not confine internship opportunities to university students and we provide similar opportunities to high school students. In the reporting period, we have provided internship opportunities for 650 university and 691 high school students.

You can reach detailed information regarding the internship opportunities we provide at The Internship section of Arçelik A.Ş. website.

We make effective use of the social media in order to reach young talents; we maintain a close and permanent relation with universities by actively participating in career days and important industry oriented activities. Professionals from Arçelik give talks at classes and panels to share their experiences with students, while we provide the youth with an opportunity to experience our working environment through university-industry collaborations, company tours we organize, internship and part time employment opportunities we provide.

We aim for training the qualified human power aware of the developments and new technologies in the electrical household appliances industry and for the facilitation of the employment of related vocational high school students with Arçelik Electrical Household Appliances Technical Training Program which we actualized in 2011, within the context of the project Vocational Education: A Crucial Matter for the Nation, in cooperation with Ministry of National Education Boys Technical Education General Directorate and which we plan to last for 4 years. Within the scope of the project, we established laboratories in the branch of electrical household appliances technical service based on new technologies and we strive to train students at Arçelik A.Ş. laboratories to be eligible for employment as electrical household appliances technician.

In the year 2013, 331 students and 57 teachers in a total of 8 schools benefited from trainings within the context of Arçelik Electrical Household Appliances Technical Training Program established at the Electrical-Electronic Technologies Space – Electrical Household Appliances Technical Service Department. Arçelik labs strive to train the students to be eligible for employment as technician in the white goods and air conditioner product groups. The students are provided with internship opportunities at Arçelik authorized services as part of the program, those students who want to work at Arçelik authorized dealers or at Arçelik A.Ş. and who have completed certain stages of training successfully are certificated and employed. As of the year 2013, the schools in Istanbul and Diyarbakir have produced their first graduates and 18 of these students were employed at Arçelik authorized dealers. Thereby Arçelik A.Ş. has actualized an industry specific practice to establish and maintain the training-employment relation and has realized a first in Turkey in the branch of Electrical Household Appliances Technical Service Personnel.

### Occupational Health and Safety

We aim to become a leading and exemplary institution with occupational health and safety policies and practices we develop in line with the target of “zero work accident and zero occupational disease”, we strive to offer our employees a health and safe working environment. We manage issues related to OHS integrated with Quality and Environmental Systems, we act with an understanding that goes beyond the legal requirements in our operational geography.

#### Arçelik A.Ş. Occupational Health and Safety Policy

As Arçelik and its employees, we comply by national and international legal rules and regulations, create a safe and healthy working environment within an Occupational Health and Safety Management System based on continuous improvement. We manage our activities regarding

- The analysis and minimization of health and safety risks that might arise in the working environment,
- Organizing training activities to create and develop Occupational Health and Safety awareness,
- Increasing our efficiency by adopting the target of zero work accident and zero occupational disease and taking necessary measures,

Integrated with Quality and Environmental Management Systems and we strive with all our strength to be an exemplary institution with our leadership in the consumer durables sector, regarding Occupational Health and Safety.

We closely track our Occupational Health and Safety performance through the indicators of accident frequency rate, accident gravity rate, OHS training hours and lost working days which we include in manager and employee targets as part of the Performance Management System, we sustain the existence of information traffic concerning the issue through various internal communication practices. We track the OHS performance in all the countries in our operational geography through the systematic in Turkey, we ensure that good practices are evaluated and put into practice in other locations.

There are 11 active “Occupational Health and Safety Committees” within the body of Arçelik A.Ş. There are 171 members and a total of 39 employee representatives in these committees which help audit employee health and work safety programs and provide suggestions regarding those. All Arçelik A.Ş. employees are represented in these committees.





### Turkey Operations OHS Indicators

Occupational Health and Safety Indicators in Turkey	2011	2012	2013
Accident Frequency Rate (F)*	5.73	5.00	7.45
Accident Gravity Rate (G)**	0.078	0.085	0.093
Safety Factor ***	0.448	0.426	0.690

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

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

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

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

We provided 51,273 man\*hour Occupational Health and Safety training for 21,295 of our employees and 1,898 man\*hour training for 1,901 contractor company employees in the reporting period.

The trainings of technical personnel at our authorized services and regions in accordance with the law no. 6331 about Occupational Health and Safety and as required by the Notice Concerning Occupational Trainings of Laborers Employed at Heavy Duty and Hazardous Occupations, were completed with a protocol made between Yakacik EML – Iseda and Arçelik A.Ş. Consumer Services Directorate. The required trainings according to this protocol, the examination subsequent to the training and the process of professional training certification approved by the Ministry of National Education were completed. Within the context of the project started in 2012, 13,711 employees will receive 49,908 Professional Competence Certificates approved by the Ministry of National Education in 9 different topics by the end of 2014. Trainings will still be available for technician candidates at Arçelik Academy.

The trainings offered within the context of health and safety are not limited to the participation of our employees. In 2013, as part of health and safety training programs devoted to our employees and their families; flu and hygiene, quitting smoking, effect of noise on health and safeguarding against it, healthy nutrition and avoiding obesity, ergonomics, waist and neck health, musculoskeletal diseases, oral and dental health, headaches and treatment methods, cardiac health preservation, fighting cancer, contagious diseases, dealing with stress, breathing exercises and travel health trainings were provided. Flu Vaccine Program was realized for employees and their families; trainings concerning women's health, the importance of breast feeding and nursing, children's diseases, working conditions of pregnant women, seminars for pregnant women and new mothers and "Don't Panic Take Action Seminar" concerning emergencies were organized. These practices were supported with health and safety bulletins.

# Environmental and Energy Management

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As Arçelik A.Ş. we are aware of our responsibilities towards environment and act accordingly. Therefore acknowledging our tasks and responsibilities in relation to climate change, we continue practices that ensure energy efficiency in all our operations and reduce our carbon footprint. In addition to all these practices we participate in global platforms devising solutions for climate change and, as a “Performance Leader” in the Carbon Disclosure Project, implement leading and exemplary practices.

- √ We have successfully passed the audits for ISO 50001 Energy Management System, which we established back in 2012.
- √ We have ensured a total of 8,620 tons CO<sub>2</sub>e greenhouse gas emission reduction with 105 projects we realised in the field of energy efficiency in production.
- √ We use “Electricity Generated from Renewable Energy Resources” at our HQ, 17 Regional Offices along with Electronics and Cooking Appliances Plants.
- √ Thanks to water efficiency and recovery studies undertaken at our plants in Turkey, we have managed to reuse 159,210 m<sup>3</sup> of water in total.
- √ We won the 2013 “Green Brands” award for our Elektrabregenz brand in Austria.
- √ Within the scope of the Carbon Disclosure Project (CDP), which is considered a significant step for corporations to share their strategies regarding greenhouse gas emissions and climate change with international corporate investors, we won the CDP Performance Leader Award in 2013.
- √ We have spared 35,872,041 TL in total for our R&D investments and expenditure to develop environmentally friendly products.
- √ We have developed a combi No-Frost refrigerator that is 20% more efficient than A+++ class products and boasts the highest energy efficiency level in its category.
- √ We have developed a TV that enjoys A++ energy efficiency.
- √ Developed as a result of the energy efficiency studies undertaken by our Cooking Appliances R&D Centre, our world champion oven not only consumes 0.54 kWh energy (A-45% according to EN 50304, EN 60350 standard and EN 2002/40/EC directive) but is also the quietest oven in its class with 41 dBA (the World’s Least Energy Consuming Oven in its class) received great interest in the IFA 2013 fair, which welcomes 200,000 visitors annually in Germany. The same oven is categorized as the quietest oven in the world in its class with a noise level of 41 dBA.

## Environmental and Energy Management

Our “environmental approach throughout the product life cycle” principle accounts for our general perspective on environmental and energy management. In an effort to reduce the environmental impact of our products throughout their life cycles, we manage the entire related processes in line with the procedures set according to national as well as international systems and standards along with a responsible structure in support of those aspects.

Arçelik A.Ş. Environmental Policy and Arçelik A.Ş. Energy Policy form the backbone of the environmental and energy management policy, which is exercised according to the ISO 14001 Environmental Management System Standard and ISO 50001 Environmental Management Standard requirements that are implemented in an integrated fashion with the ISO 9001 Quality Management System Standard. Our environmental and energy management systems are audited and certified annually by independent and accredited organizations.

Further information regarding Arçelik A.Ş. environmental and energy policy is available on The Sustainability Section of Arçelik A.Ş. website.

Central Energy and Environment Department is responsible for the coordination of environmental and energy management studies. The department coordinates Environmental and Energy Management operations along with the operations of the Environmental Coordination and Energy Coordination Boards featuring members that are responsible for environmental and energy issues in production and non-production processes. With the active participation of all employees, apart from composing the overall company energy and environmental processes, the aforementioned structure meets at regular intervals annually to undertake coordinated studies to set and monitor the progress of the goals defined in line with the environmental policy, energy policy, corporate goals and strategies; reflect related developments on the performance indicators; plan and monitor efforts to comply with legal regulations; check and monitor national and international standard practices as well as related global developments. Consequently the goals identified are materialized, compliance with the national and international legal regulations along with all the systems and standards implemented is checked and monitored while new action plans are drawn up according to the results obtained and the necessary legal actions are taken.

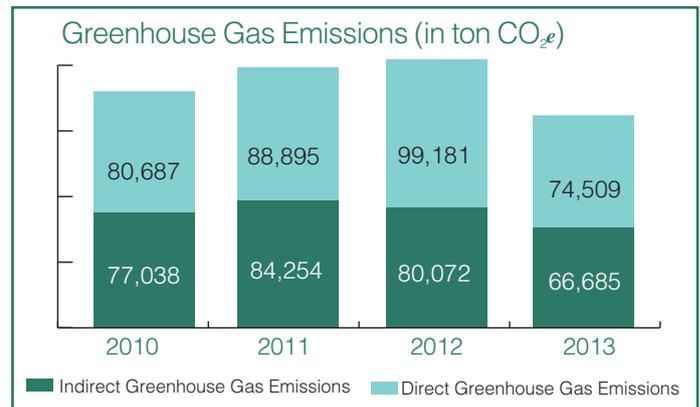
Besides external audits exercised by independent organizations, internal audits undertaken regularly ensure the efficiency and continuity of the environmental and energy management systems. The results from all the environmental and energy operations along with the performance results obtained are reported both to the Arçelik A.Ş. senior management and the related stakeholders.

Within the scope of the efforts to eliminate the environmental impact stemming from our operations, we spared 12,071,962 TL for environmental investments and expenditure related to environmental management and investment processes. While the aforementioned sum above does not contain the R&D operations to develop environmentally friendly products, environmental protection spending comprises expense items such as measuring and analysis costs, waste management costs, spending for audits, certification and permits, repair-maintenance costs.

Our greenhouse gas emission for 2013 is reported within the framework of the ISO 14064-1 Standard and the methodology for the related calculations complies with the IPCC 2006 Guidelines. The year 2010 is taken as basis. Audited by independent and accredited organizations, our greenhouse gas emission value during the reporting period is verified at a “reasonable assurance” level.

For 2013, the total greenhouse gas emission sum from six campus areas in Turkey including our production plants, storage units, administrative buildings and facilities as well as Arçelik HQ amounts to and is verified as 141,194 tons.

When compared with the previous year, indirect greenhouse gas emissions for 2013 declined by 24.9% while direct greenhouse gas emissions declined by 16.7% and the total greenhouse gas emission declined by 21.2%. The aforementioned reduction in the greenhouse gas emission stems mainly from the use of the electricity generated by renewable energy resources along with the energy efficiency projects completed during the reporting period.



### Energy, Environmental and Emission Management Trainings

Within the scope of the training programs featuring energy and environmental management systems, emission management, environmental regulations, chemicals management, emergency protocol, waste management and hygiene in 2013, our employees received 7,560 man\*hour training, subcontractors and interns received 905 man\*hour training while 412 man\*hour training was provided for social responsibility purposes.

In 2013 energy generated from renewable energy resources began to be used, which contributed significantly to the reduction of the total greenhouse gas emission. In 2013 27.3% of the total electricity consumption was provided by renewable energy resources, which prevented 28,822 tons of CO<sub>2</sub>e greenhouse gas emission.

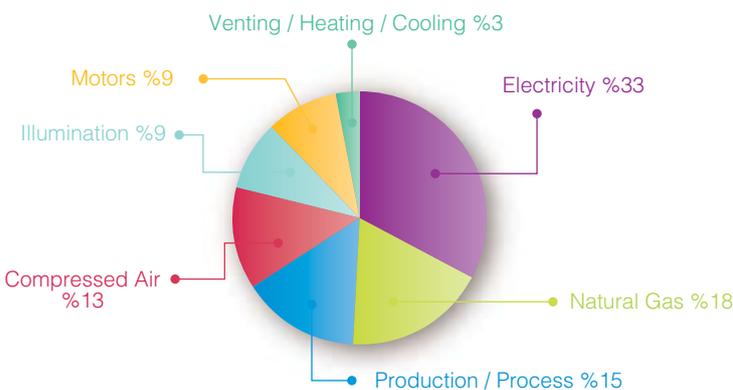
Another study we focus on within the scope of emission management is air emission management studies for the air quality protection. In that respect, we not only undertake continuous studies to improve air quality but also inform official authorities on our compliance levels through reports with emission reports featuring measurements taken by independent and accredited laboratories. Since 2006 we have reduced our volatile organic compound (VOC) emission by introducing the powder coating method and we have also ensured reduction in other emissions by conducting energy efficiency projects as well as using different energy resources.

As a result of studies on refrigerant gases used in the refrigerators manufactured, we have reduced greenhouse gas impact of the products manufactured since 1995 by 222 times per product.

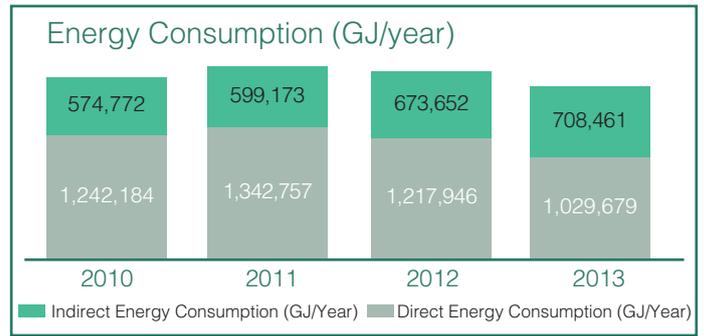
## Energy Efficiency in Production

In 2013 the total number of the energy projects conducted at the domestic plants amounted to 105. Within the scope of the projects undertaken, energy consumption of a work unit at hand is measured, energy efficiency aspects are examined and necessary projects are undertaken to address the related issues identified.

### Distribution of Energy Efficiency Projects By Subject



105 energy efficiency projects were conducted at the domestic production plants in 2013, which resulted in saving 12,026,992 kWh on electricity and 1,071,795m<sup>3</sup> on natural gas; thereby ensuring that 84,351 GJ energy was saved in total. Moreover, thanks to those projects implemented, greenhouse gas emission was reduced directly by 2,305 tons of CO<sub>2</sub> and indirectly by 6,315 tons of CO<sub>2</sub>; hence leading to 8,620 tons of CO<sub>2</sub> greenhouse gas emission in total.



Our total energy consumption declined by 8.1% in 2013 when compared with the previous reporting period.

Some of the energy efficiency projects undertaken during the reporting period are as follows;

- Reduction of Energy Consumption at the Enamel Set by 10% through 6 Sigma

Thanks to the energy consumption improvement project implemented through 6 Sigma Methodology by the Arçelik A.Ş. Cooking Appliances Plant, 6.34 million kWh of natural gas was saved. The project prevented 1,282 tons of CO<sub>2</sub>e greenhouse gas emission on an annual basis.

- Energy Efficient Illumination and Automation

Arçelik A.Ş. Washing Machine Plant saved 650,000 kWh on an annual basis by implementing highly efficient fluorescent illumination and automation practice. The project prevented 347 tons of CO<sub>2</sub>e greenhouse gas emission on an annual basis.

- Replacing Compressed Air with the Blower Practice

Arçelik A.Ş. Compressor Plant saved 394,000 kWh on an annual basis by introducing the blower practice to replace the compressed air on the compressor body washing line. The project prevented 210 tons of CO<sub>2</sub>e greenhouse gas emission on an annual basis.

As a result of the energy efficiency projects undertaken, the last three year performance (2010-2013) of electricity consumption per product at the domestic production plants shows a decrease of;

- 43.1% electricity consumption per unit product at the Electronics Plant
- 22.8% electricity consumption per unit product at Refrigerator Plant
- 21.8% electricity consumption per unit product at Tumble Dryer Plant
- 16.4% electricity consumption per unit product at Washing Machine Plant
- 7.5% electricity consumption per unit product at Dishwasher Plant
- 5% electricity consumption per unit product at Cooking Appliances Plant

## Energy Efficiency in Products

Developed through R&D studies, energy efficient products that are sensitive to environment ensured that Arçelik A.Ş. continued to be on the forefront during the reporting period. Our studies focused on difference and cost innovation prove their success through the products provided with current features and energy performance at more suitable costs and that also come with new features creating values.

The total improvement rate in the energy consumption of our products manufactured at our washing machine plant in 2013 amounted to 1.21%. When assessed independently of the production numbers, the specific energy consumption improvement per product stood at 2.15%.

Although the total number of products manufactured rose by 5.8% in 2013 when compared with the previous year at our Refrigerator Plant, annual average energy consumption (kWh/year) per product declined by 1.6%.

At the Cooking Appliances Plant, 21,268,226.1 kWh energy was saved and 10,208.7 tons of CO<sub>2</sub> equivalent reduction was achieved according to annual production numbers and according to A class products.

At our Electronics Plant, the ratio of energy efficient products in production rose in 2013 when compared with 2012. In 2013 the total amount of energy required by the consumption of the products manufactured in 2013 declined by 43% when compared with 2012.

Some of our energy saving products manufactured in 2013:

**The world's least energy consuming washing machine:** The washing machine that consumes 50% less energy than the A+++ energy class is quoted among the least energy consuming washing machines in the world.

**The world's least energy consuming heat pump tumble dryer:** Consuming 10% less energy than A+++ energy class with a heat pump technology featuring an inverter compressor, the Tumble Dryer was launched at the IFA 2013. The Tumble Dryer boasts 8 kg capacity and consumes 155 kWh on an annual basis and kept its title in its class as the tumble dryer with the least energy consumption.

**The world's least energy consuming oven:** Due to the studies conducted in 2013, the leadership position in the world's least energy consumption level and least noise level values continued. With an energy consumption value of A-45% in 65 lt built-in oven class, which is the "World's Least Energy Consuming Oven".

**The world's least energy consuming refrigerator:** In 2013 our No-Frost combi type refrigerator with an energy index value of A+++ - 20% and static combi type refrigerator with an energy index value of A+++ - 30% were promoted in the IFA Fair. Consuming 68% and 72% less energy than A-class respectively, those refrigerators feature advanced applications such as panel with vacuum isolation, variable speed compressor and improved heat exchangers.

**The world's most energy efficient compressor:** Another significant output from the energy efficiency studies completed in 2013 turned out to be start of the serial production of the hermetic compressors with a 2.0 W/W coefficient of performance (COP) value by the Eskişehir Compressor Plant. Achieved through the studies undertaken, the aforementioned COP value reached under the standard ASHRAE declaration conditions means that the plant now produces the world's highest energy efficient compressor.

**Energy efficient TV:** In line with its "Respects the Globe, Respected Globally" vision, Arçelik A.Ş. seeks to use environmentally friendly materials as much as possible in its TV designs. Therefore CCFL-backlit panels have been replaced with the LED-backlit panels. As a result of the D-LED and E-LED panels as well as innovative designs devised, TVs consuming less energy with an energy class label of A and A+ are produced. Thanks to the studies conducted in image processing technologies, our first A++ energy class product in 39" and 55" screen sizes were launched in 2013. This way 30% more energy is saved when compared with an A+ class product with the same screen size.



As a result of Arçelik A.Ş. "Sustainable R&D and Quality Projects", the company has managed to be one of the few successful brands whose energy label declarations on its products have been completely verified in the ATLETE projects covering the entire EU market. Implemented by the EU Commission in active cooperation with the European Committee of the Domestic Equipment Manufacturers (CECED), Appliance Testing for Energy Label Evaluation (ATLETE) project is the most comprehensive project to date examining the energy efficiency classes of refrigerators and washing machines to disclose the findings to the public.

Launched in 2009, ATLETE project has so far examined the energy label declarations of 80 refrigerators and cooling products from 40 manufacturers. 3 different refrigerator models of Beko, the international brand of Arçelik A.Ş., have successfully passed all the measurements and tests. The second leg of the project, which is to be completed in 2014, has verified the energy label declarations of 3 Beko washing machines entirely too.

Objectives for 2013	Realization Status	Realization
Reduce our greenhouse gas emission by saving 5% on energy through energy efficiency projects	√	105 energy efficiency projects realized led to saving 5.6% on energy while greenhouse gas emission reduction amounted to 8,620 tons of CO <sub>2</sub> e
Supply electricity by renewable energy resources	√	The electricity consumed at Arçelik A.Ş. HQ, Electronics Plant and Cooking Appliances Plant is 100% provided from renewable energy resources. (Renewable energy used in 2013 (54,891,857 kwh) amounts to 27.9% of all the electricity purchased.
Ensure that Arçelik ISO 50001 Energy Management System remains valid	√	8 plants of Arçelik A.Ş. in Turkey along with the HQ facilities have passed successfully the audits conducted by the British Standards Institution (BSI) within the scope of the ISO 50001. Within the scope of the ISO 14064-1 Greenhouse Gas Reporting Standard, the BSI has verified the greenhouse gas emissions for 2013. SGS has successfully completed the audits for ISO 14001 Environmental Management System and the certifications remain valid.
Ensure that certifications for the Arçelik ISO 14001 Environmental Management System and ISO 14064-1 Greenhouse Gas Inventory Reporting Standard remain valid	√	
Organize studies to increase public awareness until late 2014 through the "Market Transformation of Energy Efficient Products" project	□	The project has been extended until 2015. Arçelik A.Ş. has completed its operations within the scope of the project.
√ : Project completed □ : Project in progress		

### Objectives for 2014

- Reduce our greenhouse gas emission by saving 5% on energy through energy efficiency projects.
- Increase the provision of electricity generated from renewable energy resources to 75%.
- Obtain ISO 50001 Energy Management System certification for the Arçelik A.Ş. Plants abroad.
- Reduce water consumption per product by 3% at our 3 plants thanks to our studies to use water efficiently.
- Ensure that the ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory Reporting Standard and ISO 50001 Energy Management System certificates remain valid.

## Combatting Climate Change

Climate change remains a significant risk not only to the entire earth but also to the sustainability of companies. Aware of our responsibility for reducing that risk, we act as Arçelik A.Ş. accordingly. Moreover, combatting climate change constitutes an important aspect of Arçelik A.Ş. environmental management approach. In that respect, our strategy for combatting climate change focuses on 3 main areas that can be summarized as to continuously enhance resource efficiency in our entire operational processes from supply to distribution; to provide our customers with environmentally friendly products boasting the highest water and energy

saving values; and to conduct informative studies with a view to raising social awareness about climate change as well as promoting initiatives that seek a solution to the problem.

Taking an active role in the mechanisms striving to combat climate change and come up with solutions, Arçelik A.Ş. became a member of the Climate Platform, which was founded as an independent and non-profit initiative by Regional Environment Centre (REC) Turkey and Turkish Industry and Business Association (TÜSİAD) to promote studies on combatting climate change and transition to a low carbon

economy. Lending support for establishing new policies to combat climate change, the platform undertakes studies to build a sustainable business world. Levent Çakıroğlu represented Turkey in the World Climate Summits held in Durban and Doha in 2011 and 2012 respectively as the “Term Spokesperson of Turkish Corporate Leaders Group on Climate Change”. Having also participated in the World Climate Summit held in Warsaw 2013, Arçelik A.Ş. closely monitors developments regarding climate change.

Another initiative Arçelik A.Ş. became a member of is the 2°C Challenge Communiqué. Supporting the efforts made with a view to reducing impact of climate change, Arçelik A.Ş. signed the 2°C Challenge Communiqué in 2011.

Moreover we actively participate in the Carbon Disclosure Project (CDP), which seeks to reduce the impact of climate change and protect natural resources by encouraging the business world to change how it functions in a positive fashion and enable companies to disclose their greenhouse gas emissions along with their strategies regarding climate change to international corporate investors. Upon the release of the Arçelik A.Ş. 2012 Turkey Report, the Carbon Disclosure Leader award went to Arçelik A.Ş. thanks to company’s pioneering studies in this area along with its management style and disclosure of climate change risks and opportunities. In 2013 Arçelik A.Ş. went on to expand its success further and won the “Turkey CDP Performance Leader Award”.

Within the scope of the Montreal Protocol on Substances that Deplete the Ozone Layer, of which Turkey is a signatory, the “New Program on Substances that Deplete the Ozone Layer (OTİM)” has been drawn up and announced on the official website of the Ministry of Environment and Urbanization <http://online.cevre.gov.tr> in an effort to monitor the use of chemicals causing global warming. We have fulfilled our responsibilities stemming from the “New OTİM Program”. From the import process of Freon-22 (R-22) gas to its consumption, the records on Arçelik A.Ş. (Customer Services Directorate) and all the domestic Arçelik Authorized services have been updated respectively as Distributor Company and end users while all our authorized service shops have been informed on the issues they need to take into consideration regarding the related process.

So far Arçelik A.Ş. has produced 35 million refrigerators featuring environmentally friendly refrigerant R600a, which does not deplete the ozone layer and has the lowest impact (greenhouse gas) on global warming as a hydrocarbon-based refrigerant.

In addition to these, within the framework of our expanded manufacturer responsibilities, another study launched during the reporting period as Arçelik A.Ş. is the “Arçelik Supplier Carbon Footprint Project” that aims to calculate the greenhouse gas emissions stemming from the supplier operations of Arçelik, which constitute the very first stage of the product life cycle. As part of the project, the prioritized suppliers have received “Arçelik Environmental Information

Survey” demanding information as to chemicals that cause stationary combustion, mobile combustion and greenhouse gas effect. The replies received at the end have been evaluated and the greenhouse gas emissions of those suppliers that have provided sufficient information, which amounts to 44% of all the suppliers that received the survey, have been calculated. In that respect our goal is to undertake that study periodically every year, increase the rate of our suppliers taking the survey and thereby assist the efforts to improve awareness regarding climate change.

## Respect for Biodiversity

Overseeing our environmental impact on the sites we operate in and protecting the integrity of those sites remain among our top priorities. That is why right from the investment stage, we direct our studies with a view to avoid causing any negative impact on the species and human beings inhabiting those sites. In line with that understanding, we conduct feasibility studies required for the necessary risk analyses during a new operations center establishment. As a result of those analyses and evaluations, we prevent the species and human beings inhabiting the operations site from suffering negative impact due to our operations.

Due to our field of activity, our operational plants reside in locations determined to be appropriate for industrial production. Hence none of our facilities reside at natural protected areas, special environmental areas determined by laws, international agreements or areas covered by RAMSAR (Convention on Wetlands of International Importance). There are no locations of this kind within the impact area of our plants. Our activities do not cause any significant impact upon biodiversity nor on natural habitats, thanks to our location selections, tight precautions we take and environmental impact reducing studies we do.

Our studies regarding biodiversity are not limited to overseeing our environmental impact alone. We also undertake studies focused on enhancing the biodiversity of the sites we operate in as well as protecting them. In that respect, the studies started by our Cooking Appliances Plant in 2012 to plant 100 “Bolu Mountain Hazelnut”, which came to the brink of extinction as a species because of various challenges involved in its germinating process, continued in 2013. The project is undertaken in collaboration with the Directorate of Bolu Forest and Water Affairs along with the Western Black Sea Institute for Forestry Research. The plants are also protected in line with Ex-situ method. In addition to that, as a result of an Endemic Plant study implemented at the Cooking Appliances Plant, 8 alliaceous plant taxon, which are classified as either rare and/or endemic plants, have been taken under protection and are being grown. This study too is conducted in collaboration with Western Black Sea Institute for Forestry Research, the HQ of which is located in Bolu.



# Use of Natural Resources and Waste Management



As part of our natural resource use and waste management policy as Arçelik A.Ş., we implement new and constantly developed practices in an effort to minimize our environmental impact. In that respect, apart from waste and water management practices we pursue in manufacturing processes along with efficient use of materials, we develop proper and effective packaging waste management processes, design products ensuring efficient water consumption levels, lead the sector in that respect and implement practices we constantly develop for reusing and recycling products.

- √ Thanks to water consumption reduction and water recovery projects completed, 159,210 m<sup>3</sup> of water was saved.
- √ Use of environmentally friendly, nanotechnology product in manufacturing process led to a considerable level of reduction in chemical and energy usage while phosphate sludge was completely eliminated.
- √ Shrink packaging use in our products was reduced by 97%.

## Integrated Waste Management

Integrated waste management is especially important to Arçelik A.Ş. in terms of enhancing efficiency in the use of resources and reduction of environmental impact. Implemented in the light of the reduction, re-use and recycling principles, the related practices pursued not only decrease the use of the primary resources but also make it possible for the use of materials and raw materials with less emission values.

Objectives for 2013	Realization Status	Explanation
Making studies for saving and recovering water more widespread	√	159,210 m <sup>3</sup> of water was saved thanks to projects for reducing water consumption and recovering water.
Further developing integrated waste management operations	√	Many studies were completed at our plants to reuse, recover and reduce waste.
Conducting packaging waste reduction project	√	Various studies were completed at our plants to reduce packaging and packaging waste.
√ : The project was completed.		

### Objectives for 2014

- Undertaking studies for saving and recovering water
- Executing and further developing integrated waste management operations
- Undertaking studies for resource efficiency
- Launching Arçelik Recycling Movement

## Efficiency in Material Use

Keeping a track of the consumption of raw material and material uses not only allows us to keep our flow costs under control but also enables us to ensure resource efficiency through material use reduction projects. That is why registering and monitoring the raw materials and materials we get from our suppliers and subcontractors provides a significant competitive advantage for Arçelik A.Ş.

Some of the resource efficiency studies completed during the reporting period;

- As a result of the improvement projects completed at our Washing Machine Plant, per product waste sheet metal amount was reduced by 13%. A new sieving investment made led to less powder paint collection over the sieve in the powder coating unit, which has in turn reduced the powder paint consumption.
- Thanks to the improvement studies conducted at our Cooking Appliances Plant, sheet metal waste was reduced and 824 tons of waste was avoided. In addition to that, the improvement studies at the wastewater treatment facility reduced the wastewater treatment facility chemical consumption by 8.84 tons despite the increase in the number of products manufactured.

Volatile oil use is introduced in the production of inox pieces, which reduced oil consumption by around 0.6 tons. The parameters affecting the enamel thickness were redesigned thereby ensuring 10% decline in the enamel raw material use.

- At our Dishwasher Plant, introduction of the volatile oil use and the spraying system led to cancelling the inner casing degreasing baths, which has in turn cancelled the need for water conditioning and reduced electricity and chemical consumption. In the last 7 months of 2013, the total sum of chemical use reduction amounted to 4.23 tons.
- At our Compressor Plant, a study was conducted to reduce the use of cutting oil, which resulted in reducing the amount of cutting oil used by 50 tons on an annual basis.

At our Electronics Plant;

- Mechanical improvements made to the front frame, back cover, leg stand pieces of the TVs, reduced the amount of plastic raw materials used by 404.3 tons in 2013 when compared with 2012.
- Mechanical improvements made to the metal pieces used on TVs led to using 154.7 tons of less metal raw materials use in 2013 when compared with 2012.
- As a result of the mechanical improvements made on TVs and the reduction made on the gross weight of the products, approximately 659 tons less raw materials were used in 2013 when compared with 2012. The reduction in the gross weight of the products also led to fewer logistics trips required. Thanks to the improvements made, the loading amount made on a vehicle was enhanced by 19% - 37% in 2013 when compared with 2012, which also in turn reduced the greenhouse gas impact stemming from logistics at the same rate.

Arçelik A.Ş. conducts studies within the framework of its efforts to ensure compliance with Restriction of Hazardous Substances Directive (RoHS); Registration, Evaluation, Authorization and Restriction of Chemicals (REACH); Polyaromatic Hydrocarbon (PAH) Standard, which is a voluntary standard. Coordinated by the Energy and Environmental Management, those studies are undertaken by Arçelik – Green Chemistry Team, which is composed of experts from related units. To guarantee compliance of the materials procured, a related procedure ([A1] : GCP-16329 – Chemical Substances that Require Prohibition and/or Limited Use Procedure) was launched.

Arçelik A.Ş. was the first home appliances manufacturer to produce the first CFC free refrigerator in Turkey 11 years before the actual 2006 deadline set for Turkey within the framework of the Montreal Protocol designed to limit the use of the substances depleting the ozone layer.

### Raw Materials and Other Materials Use in Production Plants for 2013 (tons)

Raw Materials	2013
Plastic Raw Material	107,600
Metal Raw Material	304,061
Materials(1)	407,147
Chemicals (2)	74,583
<b>Total</b>	<b>893,391</b>

(1) The figures stated cover every kind of material turning into a part of the finished product including semi-finished materials and isolation materials.

(2) The figures stated include adhesives, lubricants, paint, enamel, operational and all other kinds of chemicals. However as of this year, chemicals such as treatment chemicals, boiler chemicals, liquid seals etc. are included in these figures.

### Waste from the Production Processes

The wastes generated during our operations constitute another important issue for Arçelik A.Ş. to reduce its environmental impact. In line with the studies and practices regarding waste management, the wastes arising from our activities are firstly classified, then gathered at their source with regard to the type of waste and regulations, then transported with appropriate licensed vehicles, later to be recovered in licensed facilities and are finally disposed. The waste treatment is determined with regard to the waste type and legal regulations and only those wastes, which cannot be recovered, are sent for disposal.

### Waste Arising from Plants in Turkey in 2013 (in tons)

	Recovered	Disposed	Recovery Ratio (%)
Hazardous Waste	2,675	91	97
Non-Hazardous Waste	83,270	2,375*	97
<b>Total</b>	<b>85,945</b>	<b>2,466</b>	<b>97</b>

\* Mainly domestic waste that cannot be recycled.

Some of the waste reduction studies implemented at our production plants in 2013:

At Our Washing Machine Plant;

- Various improvement studies were carried out to reduce metal sheet waste amount. As a result of those studies, the metal sheet waste amount fell from 0.837 kg/product to 0.729 kg/product in 2013.
- Efforts for coordinated planning between the paint shop and production planning combined the production of products in different colors as much as possible. The new sieve investment led to less collection of paint in the powder coating unit sieve. Hence the waste powder paint amount fell by 23.3%.
- Introduction of a new suspension system reduced paint sludge waste by 34%.

At Our Cooking Appliances Plant;

- Various improvement studies were taken to reduce metal sheet waste amount. As a result, metal sheet waste amount fell by 824 tons.
- An improvement study was conducted at the wastewater treatment facility so that the water that was normally fed to the discontinued treatment in the current process is fed directly and in a continuous fashion during the periods with low pollution load, hence the discontinued treatment process is cancelled. As a result, the use of energy, chemicals and the generation of treatment sludge are reduced at the same time. When compared with 2012, despite the increase in the number of products manufactured, the wastewater treatment facility chemical consumption declined by 8.84 tons, treatment sludge declined by 2.6 tons and energy consumption declined by 16,674 kWh.
- Volatile oil use was introduced in the production of inox pieces, which reduced oil consumption by around 0.6 tons and waste oil generated by 0.4 tons.
- Depending on the types of the parts, the gun setting parameters affecting the thickness of the enamel such as the enamel pressure and air pressure were reprogrammed. Consequently the amount of enamel raw material used went down by 10 percent and the amount of black enamel declined by 2.2 tons.

At Our Dishwasher Plant;

- Introduction of the volatile oil use and the spraying system led to cancelling the inner casing degreasing baths, which in turn cancelled the need for water conditioning and reduced electricity and chemical consumption. Thanks to the project, in the last 7 months of 2013 4 gr/product chemical consumption was prevented and the total sum of chemical use reduction amounted to 4.23 tons.

At Our Electronics Plant;

- Automatic painting process was introduced to paint the small-size parts, therefore the wastewater and paint sludge caused by this process was eliminated. Chemical consumption was reduced by 1.2 tons while the contaminated waste was reduced by 68%.

At Our Compressor Plant;

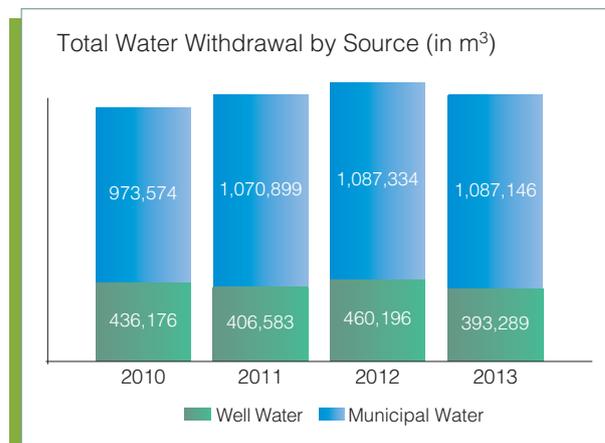
- A study was conducted to reduce the use of cutting oil, which resulted in reducing the use of cutting oil used by 50 tons on an annual basis.

### Recycling Project

Arçelik A.Ş. has participated in the Koç Group Recycling Project since 2010. Koç Group, a member of the Global Recycling Network, aims to raise awareness among its employees regarding recycling; to ensure the collection and recycling of paper, glass, metal and plastic waste according to a common standard as well as achieving an increase in the total amount of waste collected. Within the scope of the project in 2013, 170 tons of domestic glass waste, 1,563 tons of paper, 89 tons of metal waste and 216 tons of plastic waste were collected at the Arçelik A.Ş. facilities. The total amount of the waste collected within the scope of that project is 1,784.8 tons higher than the total amount of the waste collected in the previous reporting period.

### Use, Recovery and Discharge of Water in Production

Thanks to the improvement and water recovery studies completed in 2013, the total water consumption in declined by 3.4% when compared with 2012 and turned out to be 1,480,435 m<sup>3</sup>. During the reporting period, 26.3% of our water need was met from well water while the remaining amount was met from the municipal water resources.



We managed to save 159,210 m<sup>3</sup> of water in 2013 thanks to the projects focused on reducing water consumption and recovering water.

The studies undertaken for reducing water consumption and recovering water during the reporting period are: As a result of the wastewater recovery project conducted and studies undertaken to reduce water consumption at our Washing Machine Plant, 119,867 m<sup>3</sup> of water was saved in total in 2013.

At our plant,

- The water treated through advanced treatment technologies such as Ultrafiltration (UF) and Reverse Osmosis (RO) at our biological treatment facility as well as rainwater collected are provided as running water and distilled water for the production processes. The recovery facility established as part of this project also sifts the washing water of the ultrafiltration units from those with chemical contents so that it could be returned to the recovery facility. As a result 78,057 m<sup>3</sup> of water is reused. Moreover, the ion exchangers of the treatment facility units producing distilled water for the use of our plant function in a closed cycle. The final rinsing water from the paint shop feed the ion exchanger units to get distilled water. Thanks to this process, 14,143 m<sup>3</sup> of distilled water is obtained.
- A dry cooler is introduced to the cogeneration plant, which reduced water consumption by 6,667 m<sup>3</sup>.
- Well water use consumption is reduced by 244 m<sup>3</sup> by transferring the rinsing water used in the phosphate line bath to other baths once the pickling has been completed.
- The new “power and free” conveyor system established at the paint shop reduced the time required for painting from 110 minutes to 65 minutes. The production preparation of the paint shop is therefore reduced and 20,756 m<sup>3</sup> of water is saved.

As a result of the wastewater recovery project conducted and studies undertaken to reduce water consumption at our Cooking Appliances Plant, 10,669 m<sup>3</sup> of water was saved in total in 2013.

- The former washing line rinsing tanks (1 and 2) are bypassed between each other. The water delivered to the treatment facility between the baths is directed to the rinsing baths, hence decreasing the amount of water overflowing. The pollution level of the rinsing tank (3) in the paint shop is measured to increase the weekly bath change period to every three weeks. The enamel section rinsing bath (2) overflow line, which used to be connected to the municipal water line in the past, is connected to the prewashing line in an effort to save more water. As a result of all these studies, 2,173 m<sup>3</sup> of water is saved.
- By feeding the paint section filtration water back to the system instead of the treatment facility and arranging the frequency of the rinsing bath according to pollution levels led to saving 1,113 m<sup>3</sup> of water.
- By using the overflowing water from the rinsing baths of the enamel section for suspension washing bath, 793 m<sup>3</sup> of water is saved.

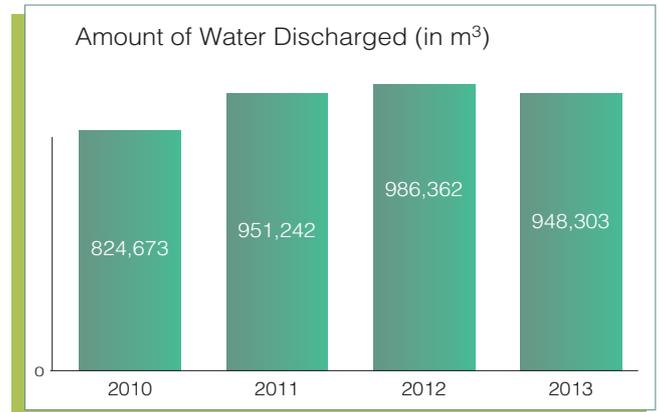
- The domestic wastewater discharged from the wastewater unit is treated through reverse osmosis system and is used at the toilet flush tanks as well as preparation of treatment facility chemical preparation process. This way the amount of water used is reduced by 6,590 m<sup>3</sup>.

At our Dishwasher Plant, the inner casing degreasing baths are cancelled, which has in turn cancelled the need for water conditioning and saved 942 m<sup>3</sup> of water.

At our Electronics Plant, the water from the production site positive ventilation air-conditioning units is collected in a tank to fill in the fire truck and is also used to replenish the water of the steam boiler, hence saving 900 m<sup>3</sup> of water on an annual basis.

At our Refrigerator and Compressor Plants, the use of photocell armatures on sinks has led to saving 11,232 m<sup>3</sup> of water. Moreover, the capacities of the toilet flush tanks have been reduced to save 15,600 m<sup>3</sup> of water.

Due to the water efficiency studies implemented, in 2013 the total domestic and industrial wastewater discharge of our plants in Turkey fell by approximately 4% when compared with 2012.



Compliance with the water discharge standards set by the legal regulations is an important aspect for reducing environmental impact through the protection of water resources quality, avoidance of water pollution and prevention of negative impact on biodiversity. As Arçelik A.Ş. we check and monitor the compliance of the discharged water quality with the related norms through periodical analyses and we are also carrying out projects to achieve values even better than the legal limits allowed for the discharged water apart from only discharging the water once it has been treated at our chemical and biological treatment facilities built in line with the water discharge standards and properties of the water fed into them. Thanks to our studies and practices, the COD (Chemical Oxygen Demand) values pertaining to the water discharged by our plants are considerably lower than the highest legal limit values required in Turkey.

## COD values of discharged water (mg/l)

Plant	2010	2011	2012	2013	COD Legal Limit Value (mg/l)**
Cooking Appliances	22	39	50	30	100
Dishwasher	58.6	106.8	164.3	48.22	1,000
Electronics	44	51	44,5	<10	600
Refrigerator and Compressor	22	<30	19.25	<30	100
Tumble Dryer	30	30	200	360	1,000
Washing Machine	123.6	40	130	180	600

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

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

Some of the improvement studies undertaken on water discharge during the reporting period:

In 2012 studies began for a project to recover and use the water leaving the biological treatment facility and rainwater collected for the manufacturing process. As a result of that project 78,057 m<sup>3</sup> of wastewater was recovered. When compared with 2012, the use of water per product fell by 35%.

Wastewater treatment facility improvement has been made at our Cooking Appliances Plant.

The water that was normally fed to the discontinued treatment in the current process is fed directly and in a continuous fashion during the periods with low pollution load, hence the discontinued treatment process is cancelled. As a result, the use of energy, chemicals and the generation of treatment sludge are reduced at the same time. When compared with 2012, despite the increase in the number of products manufactured, the wastewater treatment facility chemical consumption declined by 8.84 tons, treatment sludge declined by 2.6 tons and energy consumption declined by 16,674 kWh.

Within the scope of the studies for university-industry collaboration, a project titled "Internal Plant Water Recovery, Minimization and Integrated Water Management during Cooking Appliances Production" has been devised in collaboration with İstanbul Technical University (İTÜ). An application has been made to and accepted by the Scientific and Technological Research Council of Turkey (TÜBİTAK) Technology and Innovations Funding Programs Directorate (TEYDEB) 1505. Within the scope of the project, the process wastewater to be generated during the production and the rainwater will be recovered through advanced treatment technologies so that it could be reused without detracting from the product quality. The project seeks to recover 110,000 m<sup>3</sup> of water, which amounts to 38% of the annual water consumption of the plant. The Project will continue until late 2016.

The discharge parameters of the Cooking Appliances Plant Wastewater Treatment Facility are way lower than the legal limits set and close to 700 carp fish have been living in the water discharged from the facility for 3 years now.

## Products Saving Water

Saving water has gradually turned into a burning issue both in Turkey and on a global level. By showing its sensitivity towards saving water through its products, Arçelik A.Ş. establishes its integrated understanding about environmental impact reduction.

"Cactus" Dish Washer: Launched in 2011, Arçelik 92104 PFEI, Cactus model is the world's least water-consuming dishwasher in the world with 6 liters of water consumption and is classified A++ in terms of its energy efficiency. The aluminum isolation material, which is only utilized by Arçelik in the world, helps the product save 10% on energy. Re-filtering the cleanest water of the washing-cycle, which is the rinsing water, and re-using it in the next washing-cycle, Cactus saves 14% on water, thus making it the world's most water efficient dishwasher.

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

## Use of Packages and Packaging Waste Management

Package use and packaging waste management form another significant aspect of reducing our environmental impact. The positive results we get by means of our studies for reducing the environmental impact of our production and products are reinforced through packaging and packaging waste management practices. In that respect, we continue our studies on reducing amount of packaging used in general, introduce more recyclable green packaging materials and minimize resource consumption caused by packaging use apart from developing projects to reduce resource consumption and designing our products to generate minimal waste with their packaging volume and weight.

60% of the cardboards used in our cardboard packaging come from recycled materials and all our product packaging is fully recyclable. In that respect, we cooperate with recycling companies licensed in Turkey and abroad for packaging waste management.

Packaging Types Used for Our Products			
Packaging Material	Cardboard	Plastic	Wood
Dishwasher	√	√	√
Refrigerator	√	√	√
Washing Machine	√	√	x
Tumble Dryer	√	√	√
Cooking Appliances	√	√	√
Electronic Devices	√	√	x

Thanks to the design improvements made to the cardboard packaging of TVs in 2013, the total cardboard raw material use is reduced by 9% - 27% (depending on the size of the product) when compared with 2012, thereby also reducing the packaging waste.

Again regarding TVs, the design improvements made to the EPS packaging led to reducing EPS raw material use by 33% - 42% (depending on the size of the product) when compared with 2012, thereby also reducing the packaging waste.

### Reuse, Recycling and Disposal of Products

Aware of our responsibilities as a manufacturer, we act accordingly throughout the life cycle of our products. This understanding continues in the reuse, recycling and disposal stages of our products. Within the scope of the ISO 14001 Environmental Management Standard, which we base our related policies on, we closely monitor all legal regulations and ensure our full compliance.

Arçelik A.Ş. mechanisms for collecting and recycling ensure the compliance of the products we provide in the market with the Waste Electrical and Electronic Equipment Directive (WEEE Directive) in the EU countries. Moreover, we provide our voluntary support for and participate in studies on ensuring compliance with the WEEE Directive in the markets outside the EU too. In that respect, as part of a project we began in 2011, we determine which activities are to be pursued within the framework of ensuring compliance with the WEEE Directive in Turkey and cooperate with the White Goods Manufacturers' Association of Turkey (TÜRKBEŞD). In an effort to encourage reuse and resource efficiency, "Recycling Centers" have been available at our entire plants since 1997.

Raw materials and other Materials used in our products recycling rates:

Materials	Status
Metals	100% recyclable
Plastic	100% recyclable
Glass	100% recyclable
Chemicals*	cannot be recycled
Rubber	100% recyclable
Others	81% recyclable
Components	80% recyclable

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

Our products and their ratio for recyclability

Washing Machines: 99%, Condenser Tumble Dryers %98, Refrigerators 99%, Dishwashers 84%, Electronic Devices 88-92%, Ovens 91%.

### Raising Public Awareness on Resource Consumption

Informing our stakeholders sufficiently on the environmental impact our products cause during their use is of utmost importance in terms of establishing a conscious culture of consumption. In the light of this approach, as Arçelik A.Ş we not only use resources responsibly and develop environmental products but also take great care in organizing and supporting public awareness raising studies, which constitutes a significant part of our strategy to combat climate change. Within the scope of the studies to raise public awareness, we highlight environmental aspects of our products in our ads and commercials while providing comprehensive information for our consumers through our product labels. Apart from advertisement practices, we also take an active part in national initiatives. Launched by Arçelik A.Ş in 2010, "Market Transformation of Energy Efficient Products" project seeks to reduce the domestic electric energy consumption levels and therefore reduce the related greenhouse gas emissions in Turkey by speeding up the market transformation to electrical home appliances consuming less energy. The project will continue until 2015.

As part of the various awareness raising studies held in 2013 at schools, students at Eyüboğlu Çamlıca Primary School, Eğitimci College Kozyatağı and Tuzla campuses received environmental trainings.





# Sustainability Management in Value Chain

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Accepting the fact that sustainable growth will be realized through active policies and practices that cover our entire value chain, Arçelik A.Ş. seeks ways to create efficient management mechanisms for the entire value chain stages from raw material procurement and product development to product warehousing from product distribution to our authorized dealers and service shops. While developing our products to make the lives of our consumers easier, we design and produce them in a way that takes product life cycle into consideration and we continue to stand by our consumers through an efficient service network.

- √ We have expanded our supply chain and worked with over 1,800 suppliers for direct material procurements.
- √ 47.9% of our direct material procurement is made from Turkey.
- √ Our After Sales Services Processes are certified by the ISO 10002 Customer Satisfaction Management System Standard.



## Innovative and Superior Technology

Our superior technological competence and innovation capability, which has become an indispensable part of our corporate structure, account for our greatest advantages towards achieving our sustainability goals. Today we continue investing further in R&D and innovation as the indisputable innovation champion of Turkey, and protect our R&D studies, which support our competitive power, through the patents we get. As a matter of fact we are responsible for over 1/3 of the entire patent applications made from Turkey to the World Intellectual Property Organization (WIPO), and are seeking ways to enhance our contribution to environmental sustainability while creating value for all our stakeholders.

For the last 5 years, Arçelik A.Ş. has been the first and only Turkish company that has made it to the first 200 of the "Top 500" companies list issued by the World Intellectual Property Organization (WIPO). Moreover Arçelik A.Ş. has won the "Innovation Leadership" award in the 2nd Turkish Innovation Week organized by the Turkish Exporters' Assembly.

Managing our R&D operations through efficient management instruments, we determine our strategies in that area through the proper organizational practices that bring our expert managers from different areas together. For us, defining customer expectations properly and providing customer-oriented technologies and solutions are essential parts of innovation and we act in coordination with the innovation departments started for that purpose within our organization to fulfil such functions. In addition to an innovation department started within the Marketing to understand customer and different market expectations, our innovation directorate within the Technical Unit is responsible for starting open innovation – innovation teams while R&D, Industrial Design, Intellectual Property Rights and Brand units actively support our related operations.

During the reporting period we spent 35,872,041 TL for our R&D studies to develop environmentally friendly products.

Backed by 7 R&D Centers which we had laid the foundations for 22 years ago, R&D offices located in the Middle East Technical University (METU) TechnoCity and Taiwan as well as over 1,000 staff, we develop environmentally friendly technologies that differentiates our products and brings Arçelik A.Ş. to the foreground while also enhancing our technological competence and sustainable competitive power. In 2013 we reinforced our technological superiority in areas such as energy, water efficiency and silence by means of new achievements we have come to enjoy and also expanded our collaboration network with universities and research institutes located in Turkey as well as abroad. What is more, we have taken tangible steps regarding open innovation and come a long way in creating new areas of technologies and businesses.

As a result of our R&D investments, which have not slowed down at all since 1990, we market the products we have designed and manufactured to over 100 countries. While taking on an active role in developing the R&D culture in Turkey through our successful R&D operations, we have been the "Patent Champion" by far on the list filed by the Turkish Patent Institute for long years and hold on to that title thanks to our patent applications. Protecting our technological know-how by means of inventions and patent applications, we keep sharing our studies with the public at conferences and in scientific magazines.

In line with the importance we attach to R&D, we organize the "Invention Day" event annually, which has been held for the 15th time in 2013 during the reporting period. The inventors that have come to enjoy significant achievements in producing technology and developing innovative products have been awarded at the event.

Here are some of the innovative products we have provided for our customers during the reporting period.

**Innovative Dishwasher:** The studies to eliminate the unpleasant smell stemming from the dirty surfaces of the dishes in the dishwasher through an ionizer added to the system have been completed and the prototype has been exhibited at the IFA 2013.

**Innovative Washing Machine:** As a result of the studies carried out on an A energy class washing machine with tumble dryer of 9 kg washing capacity and 6 kg drying capacity, a finishing program that gives the textile a water-repellent property has been designed and presented at the IFA fair.

**The World's Most Silent Washing Machine:** Tested by VDE in 2011, 1200 rpm 8 kg capacity washing machine has managed to yield the lowest noise levels VDE has so far measured. In 2013 the studies made among our competitors' products have shown that a better product is yet to be launched in this segment.

**The World's Most Silent Condenser Tumble Dryer:** Arçelik continues its studies to reduce the noise levels of condenser tumble dryers. Certified by the SLG Institute (Germany), the condenser tumble dryer with 60 dBA noise level is presented at the IFA as the quietest tumble dryer in its segment.

**Innovative Built-In Oven:** Thanks to the studies made in 2013, our leadership in the world's lowest energy consumption level and the lowest noise level values continued. Our built-in oven of 65 lt with an energy consumption value of A-45% has become the "World's Least Energy Consuming Oven". Moreover, the "World's Quietest Oven" has also been manufactured with a noise level of only 41 dBA. As for the products that come with a cooking volume of 75 lt, they come with an ergonomic cover that opens sideways, blows air in three dimensions (Surf), and boasts the Divide & Cook technology, which allows cooking at different temperatures in two different volumes.

**Innovative Refrigerator:** Our No-Frost and static combi model products consume 68% and 72% less energy than A class levels respectively and feature advanced applications such as panel with vacuum isolation, variable speed compressor and improved heat exchangers. In 2024 we launched a refrigerator that boasts and integrated ice-cream machine. Arçelik teams work on ways to reduce the noise levels of refrigerators, which is gradually getting to be a more important issue. Thanks to the studies completed in 2013, a refrigerator design has been completed and presented at the IFA. The refrigerator boasts a noise level of 35 dBA, which is a world record among No-Frost combi refrigerators that have a larger volume than 350 lt.

**Automatic Tea Machine:** Launched in 2013 for consumers, "In Love Gourmet" is the "first and only" automatic tea-brewing machine in Turkey and enables Turkish consumers to enjoy tea that suits their taste. Filter Sense technology used allows clearer brewing of tea and the taste of the tea could be kept fresh for up to two times longer in time. The machine is capable of brewing herbal tea as well as green tea, can automatically brew tea to a set time later on and can auto-clean.

**"Fritto" Built-In Multifunctional Oven:** The frying apparatus inside allows Fritto to fry fresh potatoes with only 1 spoon of oil, which is "10 times" lower than the amount of oil required by the conventional electric fryers. Fritto is also capable of cooking 3 different dishes at the same time without mixing their smells and tastes thanks to its "Turbo cooking" function.

**Consumer Electronics:** Constantly developing projects to enhance image quality on TVs, Arçelik A.Ş. continues to invest further in the R&D for Ultra HD (4Kx2K) TV technology that provides images at 3840x2160 pixels, which is 4 times higher than the 1920x1080 pixels resolution of the Full HD TVs. In that respect the designs for 65" and 55" TVs with a pixel resolution of 4Kx2K have been completed.

In an effort to dominate the panel technologies, increase added value creation and our competitive power, the required infrastructure for designing and production the Backlight Module System (BMS) has been completed. In that context, the design work for the BMS and Back Light Unit (BLU) has begun. With the increase in the design competence in that respect, a BMS panel production line has been built at our electronics production plants thereby allowing our company to boast the capability of manufacturing panels. Thanks to this infrastructure, the majority of the TV projects to be undertaken in the periods ahead will be planned according to the BMS approach in a way to include the panel designs too.





## National And International Cooperation

Undertaking R&D operations through mechanisms involving many stakeholders, Arçelik A.Ş. seeks to benefit from the know-how and experience of the academia while presenting our experience to the scientific world by means of the technical networks we participate in. While establishing long-term strategic cooperation with universities and research centres specializing in R&D, we advance on that path and adopt open innovation principles and set an example to other companies in Turkey with our practices in that area.

Starting joint laboratories at universities is one of our main R&D practices, which continued during the reporting period. In 2013 we opened a laboratory at the Food Engineering Department of the Istanbul Technical University (İTÜ) Chemistry-Metallurgy Faculty. The laboratory will allow joint research studies to be conducted in storing food while we have also planned cooperation projects to be implemented in cooperation with the Industrial Theses Program (San-Tez) and Scientific and Technological Research Council of Turkey (TÜBİTAK) regarding technologies for storing food.

Our cooperation that began in 2012 with the Dresden University, Germany, continued during the reporting period. While the university studies issues such as hand, eye and ear perception of human beings related to product sound qualities, we applied together for a project titled "Determining and Improving Sound Qualities of the Durable Goods" within the scope of the Eureka program in 2013. Within the scope of an event organized in March 2013 by the UK Trade and Investment Office, our R&D delegation visited Nottingham, Newcastle and Oxford Universities in the UK in order to cooperate in R&D while we have launched joint projects with the Newcastle University and Oxford University.

Continuing our R&D operations through a number of projects, platforms and funds, we support those operations with international organizations where we take an active role in. In that respect, we regard our Design Office in Taiwan as an important international step that will increase access to scientific environment and knowledge and actively participate in the innovative projects platform. During the reporting period we went on to increase our international cooperation further and maintained our leading position on the 7th Framework Program and EUREKA. Together with Koç Sistem, we participate in the "Flspace" 7th Framework Program, one of the five R&D projects of the "FI-PPP" seeking to increase the future competitiveness of Europe and is a part of the EU initiative. What is more, we present new projects to the Marie Curie Project area, hence contributing to brain drain towards Turkey from and outside the EU.

We have completed 4 projects within the scope of EUREKA, which supports projects that are market oriented and focuses on developing products and processes that could be commercialized in a short period of time. We continue 5 projects with EUREKA.



### Procurement That Respects People and Environment

In line with our vision "Respects the Globe, Respected Globally", our procurement processes respect people and environment while our sustainability performance in that area constantly develops thanks to support from our suppliers as well as our determination.

Those companies who wish to work with Arçelik A.Ş. within the scope of our procurement processes are first introduced to a process starting with the Supplier Portal, ensure that they carry out a self-evaluation regarding aspects of environment and business ethics and we repeat that practice for our current suppliers once every year.

During the reporting period 174 suppliers have gone through self-evaluation process while the evaluations made regarding business ethics and environment have not revealed in any inconformity.

In the contracts we sign with our suppliers, we state our expectations regarding business ethics and environment while stressing the sanctions in cases of inconformity.

Detailed information as to our expectations from our suppliers regarding Business Ethics and Environment is available on the "Procurement" tab of the website [www.arcelikas.com](http://www.arcelikas.com).

Measuring quality, environment and business ethics performances of our suppliers in the supplier auditing process, we provide them with development opportunities with the action plans we have drawn up for them.

During the reporting period, 225 suppliers we actively work with have been audited.

### Procurement in Numbers

We manage a procurement volume of 2.6 billion Euros including the raw materials, processed metal/plastic materials as well as the indirect material/service procurement and investment goods procurement. We work with over 1.800 suppliers for procuring "Direct Materials", which include procurement of raw materials, materials and components used in the manufacturing of white goods and electronic devices. During the reporting period, 29% of the Direct Material procurement accounted for raw materials procurement while 38% of that is composed of Sheet Metal Raw Material and 50% is Plastic Raw Material.

In 2012 the ratio of direct material procurement from "Low Cost Countries" was 19.40% which rose to 21.5% in 2013. Besides that improvement, our production plants and international procurement organization undertake joint cost improvement projects to increase our competitive advantage.

The procurements made from Turkey constitute the largest procurement volume at 47.9% when the procurements are analyzed in terms of regional distribution.

One of our significant procurement strategies is to increase local procurement in the regions where our production plants are located so that we could contribute to economic development of those regions. In 2013 Beko LLC production plant local procurement volume in Russia rose from 33% to 34% while the Arctic production plant local procurement volume in Romania from 17% to 21%.

## Activities for Supplier Development

Procurement Supply Industry Development Department assists efforts of our suppliers to improve their infrastructure and processes as well as contributing to their studies for efficiency and quality improvements through various projects. Drawing up development plans for our suppliers to boost their technical and systemic competence, we seek to improve their business results and lend our support for the projects they have developed with the "gain sharing" model application that encourages and awards their ideas and suggestions for business development.

During the reporting period 9 suppliers have received performance success award and 1 received a special award thereby 10 suppliers have been awarded in total.

In addition to the "gain sharing" model, "performance based supply industry management" model monitors and evaluates the performance indicators of our suppliers in terms of quality, logistics, structural performance (technical, process, organization) and efficiency while afterwards joint studies are made and collaborations are started accordingly to improve the output.

### 2013 Beko Far East Supplier Day

Annually Supplier Day is held at different locations in an effort to strengthen communication, solidarity and cooperation with our suppliers. In 2013 a new event, Beko Far East Supplier Day, was held in China. Senior representatives from over 300 suppliers located in 8 countries participated in the event.

Aware of the responsibility that comes with being a global organization, Arçelik A.Ş. stressed on the Supplier Day that it would continue its studies to ensure sustainability of the world, and that besides meeting the quality norms for the parts supplied, the suppliers were also expected to respect the environment. Apart from that, the importance of innovation was stressed and it was stressed that our suppliers were expected to provide simple, user-friendly solutions that are also sensitive to environment and come with a cost advantage.

### Environmental Practices

Since Arçelik A.Ş. adopts environmental protection principle as a social responsibility, the suppliers are expected to monitor regularly their compliance with the environmental regulations, constantly improve their environmental management, combat the challenges stemming from climate change and also share that commitment with Arçelik A.Ş. In that respect, our suppliers are obliged to comply with the Arçelik General Banned Materials Specifications, drawn up by Arçelik A.Ş. to include national as well as international legal conditions.

Some of the environmental practices we completed in 2013:

- Thanks to improvements made to the wet paint processes, process waste has been reduced by 50% and emissions have been reduced by 70%.
- The intensity of the nylon bag raw material used on refrigerator handles to prevent scratches has been reduced so that nylon waste has been reduced by 50%.
- The use of fan motors that consume 3% less energy and are manufactured with 50% less underground resources has been increased.
- Sizes of the motors have been shrunk to reduce the use of sheet metal material. This way the volumes have also been reduced by 50% and CO<sub>2</sub> emissions have declined along with the transport load.
- An optimization study carried out in the packaging processes of the suppliers has reduced paper consumption by 20%.
- VCC compressor use has been increased so that energy and noise levels have been improved when compared with the conventional products.
- Silent and efficient BLDC motor use numbers has been increased by 20% in washing motors so that energy consumption and operating noise have been decreased.
- Brushless motor that consumes less energy has replaced the carbon brush motor uses.

### Distribution and Authorized Dealer Network

We operate in a sector where we need to meet the requests of our customers in a fast and efficient fashion to ensure customer satisfaction. That is why we attach great importance to the optimization of our distribution and sales network. Inviting our distribution and authorized dealer network to constantly increase their knowledge, competence and capabilities, we improve our mutual performance continuously through effective communication mechanisms. We constantly work to develop our order-production-delivery flexibility further, develop our infrastructure in that context while coming up with innovative solutions.

Our products meet customers at 3,600 locations all over Turkey.

In an effort to communicate with our authorized dealers, who constitute one of the most important links on our value chain, in an effective and transparent fashion, we improve the mechanisms we have established further continuously, and assist them in their efforts to develop their knowledge, competence and capabilities through our training practices. During the reporting period, sales representatives working at Arçelik and Beko authorized dealers received 5,434 person\* hours of training.

### Our Environmentally Friendly Approach during Product Storage and Distribution

Just like the rest of the stages on our value chain, we act in line with our sustainability principles during the product warehousing and distribution processes, and take steps to minimize our environmental impact through the right supply practices. The practices we have undertaken during the reporting period are:

- Thanks to the effective use of the “Dynamic Routing” we implement in the product distribution operations in Turkey, the vehicles run closer to their full capacity and route planning is optimized. In that respect costs have been decreased along with carbon emission generated. Moreover, dynamic routing has enabled us to increase process efficiency and labour force optimization.
- As of 2012 the total number of the Joint Dealer Warehouses, which are currently available in 7 provinces (Ankara, Kayseri, Antalya, Adana, Mersin, İzmir, İstanbul-Anatolian Side), to 8 with Bursa province. Thanks to the launch of the Joint Dealer Warehouses, the distances covered by the products have been reduced along with the carbon emission generated. What is more, the number of times the products have to be handled has been decreased and the warehouse conditions have been improved, which provide higher quality services provided for customers. The practice will continue to expand in 2014 too.
- Studies have been conducted to position the product warehouse locations in a way to enable reaching our customers in an optimized fashion in the foreign markets Arçelik A.Ş. operate in the light of the changing customer distributions in those markets. As a result, the level of service we provide for our customers has been enhanced and the distances covered in product distribution has been shortened, which has also reduced carbon emission.
- Arçelik A.Ş. is one of the 29 international business partners of the EU FlSpace (Future Internet Business Collaboration Networks) project. The project seeks to create cloud computing based solutions and systems with a view to developing abilities in tracking logistics processes further as well as information flow and cooperation between companies. Joint studies are also being held with the companies producing advanced level solutions in Europe along with institutes, research centers and university researchers within the scope of the project.
- As a result of our approach to conduct our exports from Turkey in ways sensitive to environment, the maritime transport is preferred as the main mode of transport. Moreover, environmental options such as railroad and river transport modes are used as long as possible from the port of arrival to the delivery made to end users. In 2012 83% of the exports made were delivered via sea while 15% were delivered via land roads and 2% were delivered via railroad. In 2013 maritime transport rate was improved to 85% while land road transports were reduced to 13%. In addition to that, 5% of the land road transports were modified into Intermodal transports where the main part of the trip is composed of maritime and railroad use. Despite infrastructure problems, railroad transport kept its 2% share in total.
- Projects focused on saving energy in product warehouses went up in 2013. Replacing projectors with energy efficient illumination systems at the warehouses, using daylight more and introducing electric warehouse transporters to move objects in the warehouse reduced the CO<sub>2</sub> emission. Cancelling the illumination over the top of the stacking points also contribute to saving energy.
- Sending packaging materials such as cardboard, styrofoam, nylon, wood, pallets, wooden brackets back to plants reduces the total sum of waste generated and save on costs. Moreover the employees working at the warehouses receive environmental and waste management trainings regularly.
- At rates that are annually increasing, 86% of our imports were delivered via sea in 2013 too while the land road import deliveries accounted for 13% and railroad import deliveries accounted for 1%.
- As part of a new initiative taken by the Ministry of Customs and Commerce, the Ministry has issued a new regulation reading that the companies that comply with the regulation will be enjoying facilitated customs clearing transactions. If we manage to get the Authorized Economic Operator (AEO) license, our company will increase its international prestige, enjoy prioritized transaction at the customs as well as gaining speed, saving time and lowering its site operation costs. We have prepared an application file in that respect and officially applied to obtain the license.

## After Sales

As the largest service network in the durable consumer goods sector in Turkey, our authorized dealer and service shop network constitutes the final stage and one of the most important links of our value chain. A significant part of the practices we implement by improving our product and service quality covers the "After Sales" period, and we continuously enhance our performance in that area in the light of the feedback we get from our stakeholders. Our Consumer Services serve consumers through 540 authorized service shops under 10 regional directorates with 11,600 staff, 5,600 of whom are technicians

During the reporting period we have fulfilled requirements such as customer satisfaction policy; sharing after sales services process with customers; ensuring that this process is identified in terms of objectives, authority and responsibilities and hence obtained the right to receive the "ISO 10002 Customer Satisfaction Management System Certificate".

Planned and implemented in 2013, "Arçelik Service Cloud Project" has introduced an infrastructure enabling our authorized service shops to make calls over a central structure so that those calls could be archived, monitored and reported. By getting our authorized service shops to use an infrastructure similar to the ones used at our call center, we seek to maximize customer satisfaction and register every stage of our communication with customers. Whether it is the countryside or a central location, our service shops are conveniently available thanks to their widespread network, through which we constantly improve our customer satisfaction performance and keep on call service shop practice in busy downtown during the week and at the weekends.

Although the related regulations require a minimum 2-year warranty for the main product ranges, Arçelik A.Ş. has been offering a 3-year warranty for its products since 1998. Moreover, even though the legally mandatory guarantee period is 6-months for replacement parts, Arçelik A.Ş. offers 1-year guarantee for the replacement parts installed thereby further enhancing customer satisfaction.

Arçelik A.Ş. Consumer Services serve our customers with 325,000 different replacement parts. Although the law does not require any replacement part services for products older than 10 years, 225,000 services were provided for 13,500 different replacement parts we were able to provide in 2013 thereby implementing our practices for customer satisfaction.

## Customer Satisfaction Survey

Measuring satisfaction levels of our customers and consumers regarding our products and services regularly, we use the results we get in for performance evaluation and determining our business goals, hence contributing to the sustainability of our business. Within the scope of our Customer Satisfaction Survey, which constitutes one of our most important stakeholder communication mechanisms, we receive opinions of our customers regarding such as their general tendency to recommend our products and services, their tendency to buy our products again. We also hence enjoy the opportunity to compare our different performance values in years through the index we prepare every year. During the reporting period, the average results we have received for our brands Arçelik, Beko and Altus have all turned out to be higher than the results for other brands in Turkey.



## Arçelik Call Center

Established in an effort to evaluate feedback, recommendations and requests from consumers as soon as possible thereby ensuring the highest level of consumer satisfaction, Arçelik Call Centre is available for our consumers 7/24 at 444 0 888. Delivering consumer recommendations and criticism to related departments, hence contributing to the production of new products is one of the key missions of Arçelik Call Centre, which hence establishes the communication between our consumers and Arçelik in the healthiest and efficient way possible. Operating since 1991 with superior technological infrastructure and equipment, Arçelik Call Centre not only answers consumer demands made through modern communication channels such as telephone, e-mail and web chat but also through conventional channels such as faxes and letters. Organizing satisfaction surveys in Turkey and abroad to improve its service quality and receive customer feedback, Arçelik Call Centre resolves a significant portion of the demands from our customers with the "First Step Support" service on the phone therefore eliminating the need for paying a visit to the customer's house.



As Arçelik A.Ş., we engage in a series of practices to support social development in our wide operational geography; pioneer various platforms working in this field; create projects in an attempt to seek solutions for social, cultural, environmental problems and needs; considering the participation of our stakeholders to be one of the core values of our projects and implementations to ensure the sustainability of these processes.

- √ We have provided trainings for a total of 331 students and 57 teachers in 8 Vocational High Schools with Electrical Household Appliances Technical Training Program - Arçelik Laboratories.
- √ We have reached 12,596 of our employees with a total of 196 trainings with Seminars for Accurate Approach to Disabled Persons within the context of No Barriers for My Country project.



## Social Responsibility Approach

Besides creating added value in the fields of employment and growth in its countries of operation, Arçelik A.Ş. supports development in social, cultural, environmental issues and in the field of sports. Taking part in projects for the benefit of society in line with the principle of sustainable development will continue to be amongst the priorities of Arçelik A.Ş.

Arçelik A.Ş. considers producing and implementing sustainable projects aimed at developing social standards and solving problems to be one of its primary responsibilities, in light of its corporate values and culture.

Social voluntarism approach is among fundamental principles of Arçelik A.Ş. Ensuring the sustainability of projects through the contribution of volunteers composed of our large family and local appropriation is adopted as an important criterion of success by the company.

## Social Projects And Support Activities

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

We sought to train the human power aware of developments and new technologies in the industry of electrical household appliances in Turkey with "Electrical Household Appliances Technical Service Program" we have formed aiming for reinforcing vocational training-employment relationship. As

of the academic year 2011-2012, we have realized a first in Turkey with 8 Arçelik Laboratories, including the implementations in Trabzon, Izmir, Ankara and Bursa in the reporting period, which we established in a total of 4 schools, 3 of which in Istanbul, Kartal, Beykoz, Zeytinburnu, and 1 in Diyarbakır.

A total of 331 students and 57 teachers benefited from trainings within the scope of the program at Arçelik Laboratories furnished with the latest measurement instruments and equipment in the branch of electrical household appliances technical service. In the reporting period, the curriculum pursued at the labs was redesigned in cooperation with the Ministry of National Education and the teachers were trained at Arçelik Academy. Arçelik labs strive to train the students to be eligible for employment as technician in the white goods and air conditioner product groups.

The students are provided with internship opportunities at Arçelik authorized services as part of the program, those students who want to work at Arçelik authorized dealers or at Arçelik A.Ş. and who have completed certain stages of training successfully are certificated and employed. As of the year 2013, the schools in Istanbul and Diyarbakır have produced their first graduates and 18 of these students were employed at Arçelik authorized dealers.



## No Barriers for My Country

### Seminars for Accurate Approach to Disabled Persons

We support the project “No Barriers for My Country” implemented by Koç Holding in cooperation with the United Nations Development Program (UNDP) and Alternative Life Association (Ayder) aiming to improve the life qualities of disabled individuals, with the voluntary participation of our employees. During the reporting period, Arçelik A.Ş. employees have completed their “Volunteer Trainer Trainings” with the support of Ayder within the scope of the project.

In the year 2013, 27 Arçelik A.Ş. Volunteer Trainers offered Seminars for Accurate Approach to Disabled Persons to raise the recognition of the project on company campuses and to convey more information on the subject to employees. 12,596 Arçelik A.Ş. employees were reached through a total of 196 trainings by year end.

### We Read Books for You

We contribute to the audio library available to the benefit of the visually disabled with the project “We Read Books for You” which we realize in cooperation with Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM) at Boğaziçi University. As part of the project, volunteering employees read the books chosen by visually disabled individuals or the ones of their choice with the help of a specific program installed on their computer and headphones with microphone provided to them. Subsequent to the first training seminar realized at the Sütlüce Campus of Arçelik A.Ş., training meetings were organized in all plants. A total of 253 people received voluntary readership training while 20 books were vocalized by volunteering employees to this day and 30 others are still being vocalized.





## Vocational High School Coaches

We have been supporting the social responsibility project “Vocational Education: A Crucial Matter for the Nation” carried out by Koç Holding since the year 2006 with our employees, authorized dealers and services. We have assumed responsibility of 26 schools within the context of the project, while a 28 people team composed of our stakeholders take on voluntary assignments of supporting the personal development of the students and being a role model to prepare them to the business life. A total of 1,283 scholars were supported since the beginning of the project and our last 275 scholars have graduated in June 2013.

## White Fish Playrooms

“White Fish Playroom” project, which aims to establish special playrooms at oncology departments of hospitals to give morale and motivation to children suffering from cancer, was named in reference to the white blood cells active in the immune system. The first room within the scope of the project was built at the Children’s Ward of Marmara University Training and Research Hospital in 2011 and a library alongside a playroom were built for children requiring long-term inpatient treatment at the Children’s Ward of Süreyyapaşa Hospital in 2012. In the reporting period, the hospitals were visited by our volunteering employees and toys and books collected at different times were gifted for 2 playrooms and a library.

## Arçelik A.Ş. Search & Rescue Teams

Arçelik Search & Rescue Teams continued their works in the reporting period. Members of search & rescue teams present in Bolu, Çerkezköy and Eskişehir campuses participated in the emergency drills and trainings offered by Civil Defense units, fire authorities and NGOs working during disasters in their respective provinces. Internal trainings and drills were conducted for new unit members, who joined the existing Search & Rescue Teams at Beylikdüzü, Söğüt and Çayırova campuses, along with Koç Holding Search & Rescue Teams.

A fully equipped search and rescue vehicle was procured to enable Search and Rescue Teams to reach disaster regions as soon as possible in case of an emergency.





## International Support Activities

Our production facilities and sales and marketing offices operating in different countries across our vast operational geography conduct social responsibility projects and support activities contributing to the social development of the regions in various issues ranging from education to health, from environment to sports, besides the direct and indirect positive economic impact they create.

### Elektrabregenz – Austria

Elektrabregenz, along-established Austrian brand, provided support for the charitable foundation Projuventute, dedicated to supporting homeless and needy children, in line with their social responsibility approach. The brand donated various products to orphanages being renovated by Projuventute and contributed to practices the foundation is undertaking to create social awareness and gain support.

### Defy – South Africa – Foundation of AmaZulu Society

Defy partners with the AmaZulu Community Trust, formed in 2009 to improve communities in South Africa using the power of football, in running development projects in the areas of Ezakheni, Durban and East London, and contributes to the development of these regions. Within the context of the program aiming for the realization of a life-skills program that will benefit individuals experiencing financial difficulties, Defy provides scholarships for children standing out with their talents. The children who receive scholarships are entitled to attend the senior class free of charge at one of the best schools in the region. In the reporting period, 2,680 scholar students participated in the program, while 23 coaches attended life-skills training sessions.



### Defy – South Africa – Ethelbert Children’s Home

Ethelbert Children’s Home, sheltering 65 children orphaned because of HIV/AIDS, or removed from their families due to physical and/or sexual abuse, neglect or abandonment, aims for the rehabilitation of the children and for them to rejoin their families happily. Defy donated white goods and electronic appliances to the center, which consists of six cottages, each with two residing Child Care Specialists and a maximum of 12 children, besides making material contributions to the project of wiring the houses for the secure sheltering of the children, in 2013.

### Beko - Russia

Beko conducts studies to support the social development of Kirzhach Vladimir region where its production facility is located. In this direction, 50 refrigerators, 50 washing machines and 50 heaters were donated to needy families residing in the region, during the reporting period. The gifts were delivered to the families at the governorship building, with a ceremony where Vladimir Region Governor and Beko LLC senior managers were present.

### Beko – Spain – Cooking Marathon for Solidarity

Beko Spain has realized the “Cooking Marathon for Solidarity” for soup kitchens serving individuals in need in Madrid, as part of the project supported by the Federation of Centers for Integration and Support of the Marginalized (FACIAM), Caritas, Ucalisa, Rotary Club and many volunteers. At the marathon, 300 chefs prepared 2,000 menus during 12 hours under the leadership of brand ambassador Martin Berasategui and 240 food collecting points were formed in order to extend the campaign across Spain. Beko was granted the Golden Prize at Spain European Excellence Awards and the Bronze award in the best social responsibility project category of Spain EventoPlus Awards with its “We Give More Life to Your Clothes” campaign, conducted in the years 2011 and 2012, with an understanding of supporting society.



### Beko – New Zealand – The Rising Foundation Peace Activity Support

Beko supported the studies of The Rising Foundation which conducts a mentoring program formed in order to bring out the potentials of children in New Zealand, with an understanding of supporting social development. It was the main sponsor of the fund raising activity “Dinner with Gordan Ramsey”, the famous chef, realized in the name of The Rising Foundation.

### Beko – Poland – Support for The Noble Box Project

Beko supported “SZLACHETNA PACZKA / The Noble Box Project” founded in order to support families in need and to provide direct support especially around the new year period, in order to inspire hope. With the project conducted by SPRING Association, working to provide gifts for families lacking financial resources around the New Year period, families in need are brought together with donators and volunteers. Beko employees gifted a washing machine to a family of their choice in order to meet their daily needs and a computer and clothes to children.

### Beko – China

Beko, making a point of celebrating its successes with “humane social supports”, celebrated the production of the millionth washing machine in its China Changzou Washing Machine Operation by donating products to support the education of children in the region.



## Studies To Protect The Environment And Nature

### Painting Competition Themed “Soil and Leaf” and “Little Hands Which Transform Waste” Project Competition

Arçelik A.Ş. Cooking Devices Operation continued to contribute to the painting competition themed “Soil and Leaf” and “Little Hands Which Transform Waste” project competition conducted in Bolu, with the aim of raising environmental awareness among primary school and middle school students, in cooperation with TEMA Foundation and Environment Association. 123 students from 12 schools participated in the painting competition themed “Soil and Leaf”, organized for the 5th time in the reporting period, which aims at raising awareness about environmental and soil protection and having them think about what can be done in this issue. The themes of world ecosystem, the importance of nature and erosion were dealt with in the paintings of students applied with water color and crayon.

45 students from 6 schools participated in “Little Hands Which Transform Waste” project competition, organized for the 2nd time in the reporting period, which aims at raising awareness among students about the joining of recyclable material and waste to the recycling ring. 168 students from 18 schools participated in the project competition where students brought together materials perceived as waste and out of use with their creativity, and successful students were rewarded with LCD TV, DVD, notebooks and Blue-Ray player products.

### Ankara Dishwasher Operation “Memorial Forest”

The irrigation and maintenance works of the Memorial Forest, consisting of 2,000 trees on Ankara Highway, by Arçelik A.Ş. Ankara Dishwasher Operation were continued in the year 2013, in order to leave future generations with a legacy.



## Support For Sports



### Beko Basketball League - Turkey

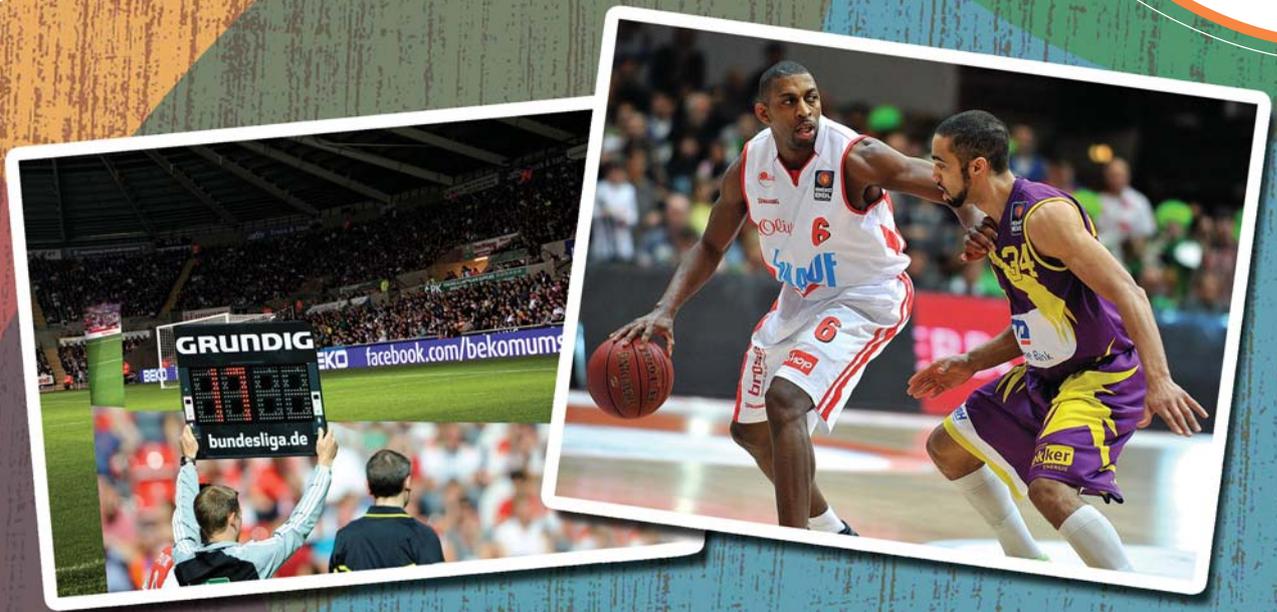
Beko, associating its young and dynamic brand values with the vigorous nature of basketball, started its basketball sponsorships in the year 2006 by naming the Turkish Basketball League. In consequence of this step taken on the way to realize the long termed objectives of the brand, the name of the league was changed to Beko Basketball League and All-Star games bringing together the best players of the league every year are organized under the title Beko All-Star.

### Global Basketball Sponsorships

The basketball investments of Beko, continued in parallel with its “World brand” vision, grew beyond the Turkish Basketball League taking on an international dimension. At first the brand became the Main Sponsor for 2009 FIBA Asian Championship organized in China and 2009 FIBA European Championship realized in Poland. In 2010, Beko became the “Presenting Sponsor” (the largest sponsor presenting the championship to the world) of 2010 FIBA World Basketball Championship hosted by Turkey. Beko, who also became Presenting Sponsor of the European Basketball Championships organized in Lithuania in 2011 and in Slovenia in 2013, continues its basketball investments by becoming the Presenting Partner of 2014 FIBA Basketball World Cup that will be organized in Spain between August 30 - September 14 2014 and the Global Partner of 2012 Women’s World Championship to be held between September 27 – October 5.

### Beko Basketball Bundesliga - Germany

The German Basketball League, one of the most prominent of the European basketball leagues, has been organized under the title of “Beko Basketball Bundesliga”, since the season of 2009-2010.



### Beko Professional League - Russia

The Russian Basketball League has been organized under the name of Beko Professional League between the years 2010-2013. Beko carried out several BTL activities before the matches at basketball courts during this term. Prior to the 2013-2014 basketball season, Beko’s name sponsorship ended in consequence of the merging of Russian Professional Basketball League with VTB United League.

### Beko LKL League - Lithuania

Beko also became the sponsor of the Lithuanian Basketball League in 2011. The Lithuanian Basketball League has been organized under the title of “Beko LKL League” starting from the 2011-2012 season.

### Beko Lega Basket Serie A - Italy

After the league sponsorships of Germany, Russia and Lithuania, Beko launched a name sponsorship for the Italian Basketball League, one of the major European leagues. Starting from the 2012-2013 basketball season, when the sponsorship began, the Italian Premier Basketball League is called “Beko Lega Basket Serie A”.

### Beko and FA Cup - England



Beko has become the official supporter of FA Cup, the oldest cup in the world with a history of 141 years and the most important tournament of the English football, throughout the 2012-2013 and 2013-2014 seasons. Beko has also shown itself in the pitches of many England Premier League teams in the last 4 years.

### Grundig “Bundesliga Official Technology Partner” - Germany



Grundig became the “Official Technology Partner” of Bundesliga in the seasons of 2011-2012 and 2012-2013, and the brand logo was made into a permanently visible item on all Bundesliga and Bundesliga 2 broadcasts, the Grundig logo was presented affixed to the live graphics on all broadcasts. With this cooperation, the brand awareness of Grundig in Germany and worldwide was increased to a great extent.

## Awards and Achievements in 2013



### Environment Awards – Achievements

- Arçelik A.S.'s electric motors with class IE3 energy efficiency were ranked first in the “Most Efficient Product” (EVÜ) at the Project Contest for Enhancing Energy Efficiency in the Industry (SENER) organized by the Ministry of Energy and Natural Resources / Directorate General of Renewable Energy. BESTOVEN Built-in Oven Project by Arçelik, featuring A-40% efficiency (9658 ETI, OIM, 25603 X) was also awarded the Jury Special Award.
- Arctic Cooling Appliances Plant was awarded with Platinum Certificate which is the highest level in “Energy Efficient Green Factories” grading.
- Arçelik A.Ş. was awarded with grand prize in “Innovative and Environment Friendly Product” category of ISO Environment Awards with “Arçelik 9658 ETI” oven.
- Beylikdüzü Electronics Plant was awarded with “Environmentally Friendly Plant” prize by Turkish Healthy Cities Association.
- Arçelik A.Ş. Dishwasher, Çerkezköy Tumble Dryer and Electric Motors Plants were awarded with Platinum Certificate in “Energy Efficient Green Factories” grading.
- Arçelik A.Ş. became “CDP Performance Leader”.
- We qualified to receive the “Green Brands” award in Austria with our brand Elektribregenz in 2013.

### Corporate Awards – Achievements

- Beko became the “Presenting Sponsor” of 2013 FIBA European Basketball Championship and 2014 FIBA World Basketball Championship.
- Arçelik A.Ş. was rewarded with “The First Company to Submit an Electronic Declaration” award in the “Firsts” category in the ceremony held by Ministry of Customs and Commerce.
- Arçelik A.Ş. was rewarded in TESID 2012 Innovative Creativity Awards, held by Turkish Electronic Industrialist Association, in “Large Companies” category with “Product Development Process Award.”
- At IF Design Awards, we received two awards with “Arçelik In Love” washing machine and Grundig refrigerator.
- Arçelik A.Ş. was rewarded with Number One White Good Sector Exporter award in Electric-Electronic Sector Export Success Awards 2012, conducted by TET (Turkish Electro Technology).
- Elektribregenz was rewarded with second prize in household appliances category at “2012 Golden Plug” awards.
- Arçelik A.Ş. received Technology Development Award with “3-Door Combi Refrigerator” and Product Development Award with “4-Door Refrigerator” at Eskişehir Chamber of Industry’s Technology Awards.

- Arçelik A.Ş. was rewarded with three first prizes and three second prizes at Istanbul Minerals and Metals Exporters' Association's "Stars of Export 2012" awards.
- Grundig GKN 16830 X Combi Refrigerator, Grundig GEZM 47000 B and Grundig GEBM 46000 B Built-in Ovens, Beko WKY 61031 C Washing Machine, Grundig TR1200 Wooden Table Radio, Grundig Vision 9 Air Design TV and Grundig Toaster received "High Quality Design," whereas Grundig GWN 58472 C Washing Machine ve GTN 48271 GC Tumble Dryer received "High Quality Details" Red Dot Mention Award.
- Arçelik A.Ş. was rewarded with Sponsorship Platinum Award and Golden Award at Turkish Standards Institution's Quality Awards Ceremony.
- The Arçelik Relaunch Campaign "Unique Meeting of Technology and Design" won Silver Effie Award, while Beko's "Family Campaign" won the Gold Effie in 'International Success', and the Bronze Effie in "Consumer Goods" categories.
- Arçelik A.Ş. has been selected as the most reputable company of 2012 in a "Survey on Turkey's Most Reputable Sectors and Companies" conducted by GfK Türkiye and RepMan.
- Arçelik A.Ş. Eskişehir Refrigerator Plant has been awarded "TPM Advanced Special Award" by JIPM (Japan Institute of Plant Maintenance) institute.
- Arçelik A.Ş. received ISO 10002 Certificate which is an international standard that provides manual information for increasing customer satisfaction regarding products and services provided to customers.
- Arçelik A.Ş. was deemed worthy for 6 plaques for paying the highest premiums at its plants in İstanbul, Ankara, Eskişehir, Bolu and Tekirdağ by Social Security Institution.
- Arçelik A.Ş. has become a member of Smart TV Alliance, a common platform for applications developed for smart TVs.
- Arçelik A.Ş. won two awards including the "Gold Award" for its 2012 Annual Report, while its 2011 Sustainability Report won four awards, including the "Gold Award", in the durable goods sector at the competition held by American League of Communications Professionals (LACP).
- Arçelik A.Ş.'s corporate governance rating was raised to 9.28 out of 10
- With the project they realized, Arçelik A.Ş. Tumble Dryer Plant employees received award in "Customer Satisfaction Creators" at the "Most Successful Koç Members" category.
- The advert prepared for the Arçelik Fashionline Hair Styler won the first prize in the Best Durable Good Advert category at the A Awards Outdoor Advertising Competition held by the Outdoor Advertising Foundation, Arvak.
- In the International ARC Awards, Arçelik A.Ş.'s 2012 Annual Report received the Golden Award in the written text category and the Bronze Award in the print and production category for the consumer goods industry. Arçelik A.Ş.'s 2011 Sustainability Report received the Silver Award in the written text category and the Bronze Award in cover page/design category with its 2011 Sustainability Report.
- Arçelik's outdoor advertisement created for Fashionline Hair Styler has won the Crystal Apple Award in the "25th Crystal Apple Turkey Advertising Awards."
- Arçelik Winterfest, won the first prize in 'The Best University Fest' category at the Ace of M.I.C.E awards.
- The Beko Dolphin series washing machine from Arçelik A.Ş., has been awarded the "Innovative Product" award at the 9th China Household Electric Appliance Innovation Awards ceremony.
- Arçelik A.Ş. received "Innovation Leadership" award.
- Arçelik was selected as "The Most Admirable and Preferred Retail Brand' in Electronic Producer Retail category in the survey conducted among customers in shopping centers.
- Arçelik has been recognized as the most popular brand in Turkey in the white goods and house electronics category in "Turkey's Lovemarks" research.
- Arçelik A.Ş received the 'Concept Design' award with its 'Cyclone Cooking System' at Red Dot Concept Design 2013 held in Singapore.
- The Beko WMB 71443 LE Washing Machine, has been evaluated in Germany's Stiftung Warentest tests as "Test GUT".
- Arçelik Winterfest received awards in three categories at the 6th Direct Marketing Awards.
- Beko has become the first company to receive Best Buy Awards in 5 different categories in Bosnia Herzegovina.
- Grundig TV 47 VLE 9372 BL has been evaluated in Germany's Stiftung Warentest tests as "GUT".
- Blomberg brand was rewarded for the second time with "Euronics Supporter of the Independent" award.
- Beko DIN6831 FX Dishwasher, Beko DPU7340X Tumble Dryer and Beko CN 148241 X refrigerator have been evaluated in Germany's Stiftung Warentest tests as "Test GUT".
- Beko OIM 25901 X built in oven was chosen as Kitchen Innovation of the Year award in the categories of benefit, innovation, user-friendliness, design and ecology.
- Grundig received awards in 'High Quality', 'Design', 'Accessibility' and 'Environment' categories for the ECO CHAMPS models (built-in oven, dishwasher, washing machine and tumble dryer) and in 'High Quality', 'Design' and 'Accessibility' categories for the Vision 7 Venus (BMS) design in the "Plus X" Awards.

## Performance Data

2009 2010 2011 2012 2013

## ECONOMIC PERFORMANCE DATA

Net Sales (Million EURO)	3,065	3,487	3,633	4,581	4,395
By Region					
Turkey (Million EURO)	1,474	1,718	1,712	1,933	1,828
Europe (Million EURO)	1,223	1,342	1,437	1,779	1,735
Other (Million EURO)	368	427	484	869	832
By Product Group					
White Goods (Million EURO)	2,001	2,208	2,394	3,072	3,096
Consumer Electronics (Million EURO)	562	631	625	780	636
Other (Million EURO)	502	648	614	729	663
Gross Profit (Million EURO)	1,011	1,040	1,094	1,323	1,342
Operating Profit (Million EURO)	348	321	278	326	338
Income Before Tax (Million EURO)	268	330	265	270	295
Net Income (Million EURO)	234	276	233	237	247
Total Assets (Million EURO)	2,975	3,573	3,764	4,349	3,886
Total Current Liabilities (Million EURO)	1,472	1,143	1,445	1,676	1,393
Total Liabilities (Million EURO)	1,705	1,910	2,269	2,679	2,476
Total Equity (Million EURO)	1,270	1,663	1,494	1,670	1,409
Dividends Paid (Million EURO)	1	55	113	150	160
Capital Expenditures (Million EURO)	96	127	157	209	207
Dividend Per Share (EURO)	0.069	0.186	0.191	0.228	0.176
Year-End Share Price (EURO)	2.71	3.81	2.50	4.98	4.14
Year-End Market Value (Million EURO)	1,830	2,572	1,692	3,362	2,796
Corporate Governance Rating	8.21	8.55	8.59	9.11	9.28
Economic Value Generated ( Million TL)	7,170	7,347	8,927	10,991	12,005
Revenues (Millions TL)	7,170	7,347	8,927	10,991	12,005
Economic Value Distributed (Million TL)	6,353	6,911	8,774	10,977	11,941
Operating Cost Total (Million TL)	5,379	5,745	7,135	9,049	9,375
Personnel Expenses (Million TL)	577	706	824	995	1,136
Payments to Providers of Funds (Million TL)	333	389	736	844	1,355
Payments to Governments as Income Tax (Million TL)	63	62	71	82	67
Community Investments (Million TL)	1	9	8	7	8
Economic Value Retained (Million TL)	817	436	153	14	64

2009 2010 2011 2012 2013

## ENVIRONMENTAL PERFORMANCE DATA

GHG Emissions (ton CO<sub>2</sub>e)

Direct	-	77,038	84,254	80,072	66,685
Indirect	-	80,687	88,895	99,181	74,509
Total	-	157,725	173,149	179,253	141,194

## Performance Data

2009 2010 2011 2012 2013

Energy Consumption (GJ/year) <sup>(1)</sup>

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

Total Water Withdrawal by Source (m<sup>3</sup>)

Municipal Water	-	973,574	1,070,899	1,087,334	1,097,146
Well Water	-	436,176	406,583	460,196	393,289
Total	-	1,409,750	1,477,482	1,547,530	1,490,435

Total Water Discharge (m<sup>3</sup>)

Total Water Discharge	-	824,673	951,241	986,362	948,303
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COD Values of Discharged Water (mg/l) <sup>(2)</sup>COD  
Limit Value <sup>(3)</sup>

Cooking Appliances	100	-	22	39	50	30
Dishwasher	1.000	-	59	107	164	48
Electronics	600	-	44	51	45	<10
Refrigerator and Compressor	100	-	22	<30	19	<30
Tumble Dryer	1.000	-	30	30	200	360
Washing Machine	600	-	124	40	130	180

## Environmental Trainings Provided to Employees (person\*hour)

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

Raw Materials - Plastics	-	59,263	73,493	108,076	107,600
Raw Materials - Metals	-	244,045	295,863	290,929	304,061
Materials <sup>(4)</sup>	-	343,630	304,404	354,080	407,147
Chemicals <sup>(5)</sup>	-	9,875	7,479	8,136	74,583
Total	-	656,999	681,431	761,221	893,391

## Wastes by Type (ton)

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

2009 2010 2011 2012 2013

## SOCIAL PERFORMANCE DATA

Employee Breakdown by Status <sup>(6)</sup>

Blue Collar	-	12,030	12,454	12,567	13,025
White Collar	-	2,040	2,177	2,220	2,333
Total	-	14,070	14,631	14,787	15,358

## Employee Breakdown by Contract Type

Permanent	-	12,974	13,337	13,400	14,478
Temporary	-	1,096	1,294	1,387	880
Total	-	14,070	14,631	14,787	15,358

## Performance Data

2009

2010

2011

2012

## Employee Breakdown by Gender

Male	-	12,744	13,216	13,355	13,829
Female	-	1,326	1,415	1,432	1,529
Total	-	14,070	14,631	14,787	15,358

## Employee Breakdown by Age

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

## Employee Breakdown by Nationality

Turkish	-	-	-	2	11
Foreign	-	-	-	14,785	15,347
Total	-	-	-	14,787	15,358

## Average Age by Employee Category

Top Management	46	46	47	46	48
Mid-Management	42	42	44	41	42
Experts & Staff	36	35	35	34	35

## Average Seniority by Employee Category

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

## Employee Trainings (total hours)

Blue Collar	137,278	247,849	220,402	232,774	228,447
White Collar	42,743	48,336	86,341	77,570	85,595
Total	180,021	296,185	306,743	310,344	314,042

## Senior Management by Nationality

Turkish	-	-	31 (%100)	35 (%100)	35 (%100)
Foreign	-	-	0 (%)	0 (%)	0 (%)
Total	-	-	31 (%100)	35 (%100)	35 (%100)

## Senior Management by Gender (%)

Female	-	12	10	11	11
Male	-	88	90	89	89
Total	-	100	100	100	100

## Employee Turnover (%)

Employee Turnover (%)	9.5	9.6	13.1	9.0	8.7
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## Employee Turnover by Gender (%)

Female	6.6	4.7	6.9	10.1	10.8
Male	8.2	11.0	14.9	8.9	8.5

## Employee Turnover by Age (%)

<30	-	28.0	69.0	51.0	61.8
30-50	-	69.0	28.0	47.0	34.4
50<	-	2.9	2.1	3.0	3.5

- (1) Since 2010, data is reported within the framework of the ISO 14064-1 Standard comprises of 8 campuses in Turkey including our production plants, R&D departments, storage - logistic units, administrative buildings and facilities as well as Arçelik A.Ş. HQ. All motorine and fuel oil data cover the companies' employees' car pool consumption.

All renewable energy is purchased from the companies producing electricity from 100 % renewable energy sources.

- (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.
- (6) Part-time employment does not occur within the scope of Arçelik A.Ş. operations.

## GRI Indicators Table | General Standard Disclosures

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
Strategy and Analysis					
G4-1	Message from the CEO	2-3		Fully	Not Assured
Organizational Profile					
G4-3	Contact	back cover		Fully	Not Assured
G4-4	About Arçelik A.Ş.	6-7		Fully	Not Assured
G4-5	Contact	back cover		Fully	Not Assured
G4-6	About Arçelik A.Ş.	7		Fully	Not Assured
	About the Report	inside front cover			
G4-7	Annual Report	15		Fully	Not Assured
G4-8	About Arçelik A.Ş.	6-7		Fully	Not Assured
G4-9	About Arçelik A.Ş.	6-7		Fully	Not Assured
	Social Performance Data	57-58			
	Annual Report	14			
G4-10	Social Performance Data	57-58		Fully	Not Assured
	About the Report	inside front cover			
	GRI Indicators Table	60	No significant seasonal variations in employment occur within Arçelik A.Ş. operations.		
G4-11	Freedom of Association and Collective Bargaining	16		Fully	Not Assured
G4-12	Sustainability Management in Value Chain	36		Fully	Not Assured
G4-13	Annual Report	15-17		Fully	Not Assured
	GRI Indicators Table	60	Detailed information about significant changes during the reporting period can be reached through Investor Relations/ Latest Full Developments section located at <a href="http://www.arcelikas.com">www.arcelikas.com</a> .		
G4-14	Risk Management	9		Fully	Not Assured
	Annual Report	18-21			
G4-15	Sustainability Management	10-11		Fully	Not Assured
G4-16	Dialog with Stakeholders	12-13		Fully	Not Assured
Identified Material Aspects and Boundaries					
G4-17	About Arçelik A.Ş.	6		Fully	Not Assured
	About the Report	inside front cover			
	Economic Performance Data	56			
G4-18	About the Report	inside front cover		Fully	Not Assured
	Sustainability Management	10			
G4-19	Sustainability Management	10		Fully	Not Assured
G4-20	Sustainability Management	10		Fully	Not Assured
G4-21	Sustainability Management	10		Fully	Not Assured
G4-22	GRI Indicators Table	-	There are no restatements of information provided in previous reports.	Fully	Not Assured
G4-23	About the Report	inside front cover		Fully	Not Assured
	Sustainability Management	10			
Stakeholder Engagement					
G4-24	Dialog with Stakeholders	12		Fully	Not Assured
G4-25	Dialog with Stakeholders	12		Fully	Not Assured
G4-26	GRI Indicators Table	-	We realize various stakeholder engagement activities the frequency of which vary with regards to their types. We conduct the practices that are parts of determined systems and processes, such as survey, research and practice at least annually. Public announcements are made quarterly or annually. Under special circumstances we use immediate communication channels. Other engagement practices are realized with regards to necessities.	Fully	Not Assured
G4-27	Internal Communication	16		Fully	Not Assured
	Arçelik Call Center	43			
	Annual Report	61-62			
Report Profile					
G4-28	About the Report	inside front cover		Fully	Not Assured
G4-29	GRI Indicators Table	60	<a href="http://www.arcelikas.com/UserFiles/file/surdurulebilirlik/Re_Sustainability_Report_2012.pdf">http://www.arcelikas.com/UserFiles/file/surdurulebilirlik/Re_Sustainability_Report_2012.pdf</a>	Fully	Not Assured
G4-30	About the Report	inside front cover		Fully	Not Assured
G4-31	Arçelik A.Ş. Communication	68		Fully	Not Assured

GRI Indicators Table | General Standard Disclosures

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
G4-32	About the Report	inside front cover		Fully	Not Assured
	GRI Indicators Table	61			
	Independent Assurance Report	67			
G4-33	Independent Assurance Report	67		Fully	Not Assured
Governance					
G4-34	Corporate Governance	9		Fully	Not Assured
	Sustainability Management	10-11			
Ethics & Integrity					
G4-56	Ethical Rules	-	<a href="http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20De%C4%9Ferler%20%C4%B0ngilizce.pdf">http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20De%C4%9Ferler%20%C4%B0ngilizce.pdf</a>	Fully	Not Assured
	Annual Report	50-51			

GRI Indicators Table | Specific Standard Disclosures

Category: Economic					
Aspect: Economic Performance					
G4-EC2	Combatting Climate Change	26-27		Fully	Not Assured
	Combatting Climate Change	26-27			
	Message from the CEO	2-3			
	Environmental and Energy Management	23			
	Raising Public Awareness on Resource Consumption	34			
Aspect: Market Presence					
GRI Indicators Table 61					
G4-EC5	GRI Indicators Table	61	No gender discrimination is allowed in remuneration within the scope of Arçelik A.Ş. operations. The wages vary according to employee performance results and occupational responsibilities.	Fully	Not Assured
G4-EC6	Procurement in Numbers	40		Fully	Not Assured
	GRI Indicators Table	61	"Local" is defined on the basis of country. Within the scope of reporting, the term signifies citizens of Republic of Turkey.		
Aspect: Indirect Economic Impacts					
Social Development; Sustainability Management in Value Chain 44-53, 36-43					
G4-EC7	Arçelik A.Ş. Electrical Household Appliances Technical Training Program - Arçelik Laboratories	45		Fully	Not Assured
	Vocational High School Coaches	47			
	Arçelik A.Ş. Search & Rescue Teams	47			
G4-EC8	Vocational High School Coaches	47		Fully	Not Assured
	Innovative and Superior Technology	37-38			
	Procurement That Respects People and Environment	40			
Aspect: Procurement Practices					
Procurement That Respects People and Environment 40					
G4-EC9	Procurement That Respects People and Environment	40		Fully	Not Assured
Category: Environmental					
Aspect: Material Use of Natural Resources and Waste Management 28-34					
G4-EN1	Efficiency in Material Use	29-30		Fully	Not Assured
G4-EN2	Reuse, Recycling and Disposal of Products	34		Partially	Not Assured
Aspect: Energy Environmental and Energy Management 24-27					
G4-EN3	Environmental and Energy Management	24		Fully	Not Assured
	Environmental Performance Data	57			
G4-EN6	Energy Efficiency in Production	24		Fully	Not Assured
G4-EN7	Energy Efficiency in Products	25		Partially	Not Assured
Aspect: Water Use of Natural Resources and Waste Management 28-34					

## GRI Indicators Table I Specific Standard Disclosures

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
G4-EN8	Use, Recovery and Discharge of Water in Production	31		Fully	Not Assured
	Environmental Performance Data	57			
G4-EN9	Respect for Biodiversity	27		Fully	Not Assured
	Use, Recovery and Discharge of Water in Production	31			
	GRI Indicators Table	62	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	Environmental and Energy Management	24-27			
G4-EN15	Environmental and Energy Management	23		Fully	Assurance Report, pp.66-67
	Environmental Performance Data	56			
G4-EN16	Environmental and Energy Management	23		Fully	Assurance Report, pp.66-67
	Environmental Performance Data	56			
G4-EN19	Energy Efficiency in Production	24		Fully	Not Assured
	Environmental Performance Data	56			
Aspect: Effluents and Waste	Use of Natural Resources and Waste Management	28-34			
G4-EN22	GRI Indicators Table	62	Water discharged from Arçelik's plants is not used by other organizations.	Fully	Not Assured
	Use, Recovery and Discharge of Water in Production	32			
	Environmental Performance Data	57			
G4-EN23	Waste from the Production Processes	30		Fully	Not Assured
	Environmental Performance Data	57			
G4-EN26	GRI Indicators Table	62	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.	Fully	Not Assured
Aspect: Products and Services	Environmental and Energy Management; Use of Natural Resources and Waste Management	24-27, 28-30			
G4-EN27	Message from the CEO	2-3		Fully	Not Assured
	Energy Efficiency in Products	25			
	Innovative and Superior Technology	37-38			
	Products Saving Water	33			
	Our Environmentally Friendly Approach during Product Storage and Distribution	42			
	Reuse, Recycling and Disposal of Products	34			
Use of Packages and Packaging Waste Management	33-34				
Aspect: Compliance	GRI Indicators Table	62			
G4-EN29	GRI Indicators Table	62	No fines occurred for non-compliance with environmental legislations during the reporting period.	Fully	Not Assured
Aspect: Transport	Sustainability Management in Value Chain	36-43			
G4-EN30	Environmental Approaches We Adopt in Product Warehousing and Distribution	42		Fully	Not Assured
Aspect: Overall	Environmental and Energy Management	24-27			
G4-EN31	Environmental and Energy Management	23		Fully	Not Assured
Aspect: Supplier Environmental Assessment	Procurement That Respects People and Environment	40			
G4-EN32	Procurement That Respects People and Environment	40		Partially	Not Assured

## GRI Indicators Table I Socia - Sub-Category: Labor Practices and Descent Work

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
Aspect: Environmental					
Grievance Mechanisms	GRI Indicators Table	63			
G4-EN34	GRI Indicators Table	63	No grievances about environmental impacts were received during the reporting period.	Fully	Not Assured
Category: Social					
Sub-Category: Labor Practices and Descent Work					
Aspect: Employment					
Talent Management					
14-21					
G4-LA1	Social Performance Data	58		Fully	Not Assured
	GRI Indicators Table	63	*As the report covers only the activities and projects in Turkey, no regional breakdown is provided. *		
G4-LA2	Corporate Website	-	<a href="http://www.arcelikas.com/page/197/Compensation%20and%20Benefits">http://www.arcelikas.com/page/197/Compensation%20and%20Benefits</a>	Fully	Not Assured
Aspect: Labor/					
Management Relations					
Talent Management					
14-21					
G4-LA4	Sustainable Success	15		Fully	Not Assured
Aspect: Occupational					
Health and Safety					
Talent Management;					
Occupational Health and Safety					
14-21					
G4-LA5	Occupational Health and Safety	20-21		Fully	Not Assured
G4-LA6	Occupational Health and Safety	20-21		Partially	Not Assured
G4-LA7	GRI Indicators Table	63	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.	Fully	Not Assured
G4-LA8	Freedom of Association and Collective Bargaining	16		Fully	Not Assured
Aspect: Training and					
Education					
Talent Management					
14-21					
G4-LA9	Employee Development	17-18		Partially	Not Assured
	Social Performance Data	58			
	GRI Indicators Table	63	The gender breakdown for the data of trainings cannot be provided		
G4-LA10	Employee Development	17-18		Fully	Not Assured
	From Campus to Career	18-19			
G4-LA11	Employee Development	17-18		Fully	Not Assured
Aspect: Diversity and					
Equal Opportunity					
Talent Management					
14-21					
G4-LA12	Social Performance Data	58		Fully	Not Assured
Aspect: Equal					
Remuneration for					
Women and Men					
Talent Management					
14-21					
G4-LA13	Sustainable Success	15		Fully	Not Assured
	GRI Indicators Table	63	In recruitment, the employees are not subjected to different practices with regards to their diversities. The wages vary according to employee performance results and occupational responsibilities. No gender discrimination is allowed in remuneration.		
Aspect: Labor					
Practices Grievance					
Mechanisms					
Talent Management					
14-21					
G4-LA16	GRI Indicators Table	63	No grievances about labor practices were received during the reporting period.	Fully	Not Assured

## GRI Indicators Table I Sub-Category: Human Rights

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
Sub-Category: Human Rights					
Aspect: Non-discrimination	Sustainable Success	15			
G4-HR3	GRI Indicators Table	64	No incidents of discrimination have taken place and no grievances in this regard were received during the reporting period.	Fully	Not Assured
Aspect: Freedom of Association and Collective Bargaining	Sustainable Success	15			
G4-HR4	GRI Indicators Table	64	Operations in which the right to exercise freedom of association and collective bargaining are at significant risk are not conducted within the scope of Arçelik A.Ş.'s and its suppliers' business processes.	Fully	Not Assured
Aspect: Child Labor	Sustainable Success	15			
G4-HR5	Sustainable Success	15		Fully	Not Assured
	GRI Indicators Table	64	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	Sustainable Success	15			
G4-HR6	Sustainable Success	15		Fully	Not Assured
	GRI Indicators Table	64	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	Sustainable Success	15			
G4-HR7	GRI Indicators Table	64	All security personnel working in Arçelik A.Ş. operations receive trainings about policies, procedures and legally mandatory topics, including human rights.	Fully	Not Assured
Aspect: Human Rights Grievance Mechanisms	Sustainable Success	15			
G4-HR12	GRI Indicators Table	64	No grievances about human rights impacts were received during the reporting period.	Fully	Not Assured
Sub-Category: Society					
Aspect: Anti-corruption	Risk Management	9			
G4-SO3	Risk Management	9		Fully	Not Assured
	GRI Indicators Table	64	All Arçelik A.Ş. operations are assessed for risks related to corruption.		
G4-SO5	GRI Indicators Table	64	During the reporting period, no incidents of corruption were determined within the scope of Arçelik A.Ş. operations.	Fully	Not Assured
Sub-Category: Product Responsibility					
Aspect: Customer Health and Safety	Sustainability Management	10-11			
G4-PR1	GRI Indicators Table	64	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.	Fully	Not Assured
G4-PR2	GRI Indicators Table	64	There have been no cases presented for non-compliance with regulations concerning the health and safety impacts of Arçelik A.Ş. products and services during the reporting period.	Fully	Not Assured

GRI Indicators Table I Sub-Category: Human Rights

Profile Disclosure	Reported in	Page	Notes / Reasons for Omission	Level of Reporting	External Assurance
Aspect: Product and Service Labeling	Environmental and Energy Management	24-27			
G4-PR3	Raising Public Awareness on Resource Consumption	34		Fully	Not Assured
	Corporate Website	-	<a href="http://www.arcelikas.com/page/209/Energy_Efficiency">http://www.arcelikas.com/page/209/Energy_Efficiency</a>		
	Sustainability Management	10-11			
	GRI Indicators Table	65	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 Indicators Table	65	No incidents of non-compliance with regulations concerning product and service information and labeling have taken place during the reporting period.	Fully	Not Assured
G4-PR5	After Sales	43		Fully	Not Assured
	Customer Satisfaction Survey	43			
Aspect: Marketing Communications	Sustainability Management	10-11			
G4-PR6	GRI Indicators Table	65	Arçelik A.Ş. does not conduct sale of banned or disputed products.	Fully	Not Assured
G4-PR7	GRI Indicators Table	65	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications have taken place during the reporting period.	Fully	Not Assured
Aspect: Customer Privacy	Sustainability Management in Value Chain	36-43			
G4-PR8	GRI Indicators Table	65	No complaints regarding breaches of customer privacy were received or confirmed during the reporting period.	Fully	Not Assured
Aspect: Compliance	GRI Indicators Table	65			
G4-PR9	GRI Indicators Table	65	No fines occurred for non-compliance with laws and regulations concerning the provision and use of products and services during the reporting period.	Fully	Not Assured

## Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2013

### 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 2013, 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 01.01.2013 - 31.12.2013.

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, 2013.

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, 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,
- Energy indirect greenhouse gas emissions,
- Other indirect greenhouse gas emissions.

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

- Direct Greenhouse Gas Emissions :

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

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

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

- Energy Indirect Greenhouse Gas Emissions :  
Arçelik A.Ş.'s indirect emission resource is electricity.
- Other Indirect Greenhouse Gas Emissions :

Other greenhouse gas emission resources are within the scope of Scope 3 which are not under the financial and administrative control of Arçelik A.Ş. Arçelik A.Ş.'s other greenhouse gas emissions are personnel buses, subcontractor activities which are the outside of the campuses, food and drink automats, water dispensers, logistic activities and emissions sourced by 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.
- The 2013 year national grid electricity emission factor is not published in Turkey, an average electricity emission factor has been calculated by using "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" and 2012 TEİAŞ (Turkish Electricity Transmission Company) data. This emission factor is used to calculate the indirect greenhouse gas emissions.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions. In addition to these calculations, the negligible emissions are calculated and the assumptions are documented in the Greenhouse Gas Emission Inventory.

### Management of Uncertainties

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.

### 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 2013 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 5%.

## Independent Assurance Report



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

### Executive Summary

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

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2013, contained by the Arçelik A.Ş Sustainability Report 2013 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 2013 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 2013 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 2013 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

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

Özlem Ünsal  
Managing Director

İstanbul, 04.06.2014

## Disclaimer

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

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

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

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

[www.arcelikas.com](http://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.

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

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

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Company advising on the contents and the structure of the report



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