

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.



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Distinguished stakeholders,

We are honored to share with you the third Arçelik Sustainability Report, which is one of the most concrete indicators of our corporate transparency.

With this report, you will receive information on our priorities in sustainability, covering five main dimensions that are "System", "People", "Supply", "Product", and "Social Development".

Innovative and effective solutions to global problems

The Earth has been generous in providing the creatures that live on it with an environment and necessary resources. Yet today, due to the decline in natural resources and climate change, it is becoming more and more difficult to meet the rising population's demands. The global economic problems that we are experiencing are impeding economic progress by causing an upsurge in unemployment and a reduction in purchasing power; while also hampering millions of peoples' access to basic needs like food, clean water, electricity, health care and education. On top of all this, current studies reveal that more than 900 million people worldwide do not have access to a clean water and more than 1.3 billion people do not have access to electricity.*

In the face of these global problems, a need for clever and innovative solutions in the business world appears to be a crucial necessity. As a global organization, Arçelik A.Ş. is motivated to develop solutions to environmental, social and economic problems, which it perceives to be important risks for the sustainability of the future of our world and our company.

We integrate sustainability into our business objectives

Acting with the responsibility of a global citizen, Arçelik has integrated its sustainability strategy with its business objectives. While 95% of all the GHG (Greenhouse Gas) emissions that emerge within the life cycle of our products occur during their use, the recycling processes in supply, production, logistics and product have a share of 5%. This is why developing products with reduced environmental impacts constitute our top priority in enabling our corporate sustainability and combating climate change. Our goal is to reduce our products' carbon footprint during the whole product life cycle and to contribute to a sustainable future by actualizing innovative technologies.

We maintained our ambitions to become a global player in 2010

Arçelik became one of the best performing companies in global consumer durables sector and one of those that increased its market share the most in 2010, thanks to its strong performance in Europe and the growing Turkish market.

In spite of all the economic fluctuations, we managed to continue keeping our profit margin above the sector average. We increased our net sales to TL 6.9 billion. In this way, while we retained our consistent growth, we also achieved our purpose of becoming a global player with our sales outside of Turkey, which constitute 51% of our total sales.

Our Company continued to work on reducing the environmental impacts of its products and production processes, while increasing its global market share to achieve a profitable and sustainable growth in the long term.

We have focused on the energy and water efficiency of our products

With our more than 20 years of R&D experience, we have preserved our status of being the patent leader in Turkey. We have been listed as the 95th and the only Turkish company amongst the top 500 companies that file patent applications to the World Intellectual Property Organization.

During the reporting period, which corresponded to the new European Directive for Energy Labels enforcement, we have allocated TL 12.3 million to our studies in developing environmentally friendly products.

We have designed products that increase our consumers' quality of life, and save energy and water at the highest level. With refrigerators at the A+++ energy level, washing machines at the A-50% energy level, dishwashers and ovens at A-30% energy level, we have launched to market products of the highest performance levels in their classes.

Our priority is energy efficiency in production and environmental management

In 2010, together with developing environmentally friendly products, we have also realized new projects by focusing on "energy efficiency in production". With the 138 energy efficiency projects that we developed during the year, we have saved 71,137.9 of GJ energy and reduced our GHG emissions to 7,560 tons CO₂e.

With our eight manufacturing plants in Turkey, we qualified to receive the "Gold Certificate" given for energy efficiency in production for the first time in the white goods and the consumer electronics sectors. Thanks to the sustainability approach integrated with all our business processes, we achieved to rank at the first place in the "Management" category of the "Turkey Program" of the "European Business Awards for the Environment". Subsequently, we became one of the top three in the "European Program" of the same award programme, which is one of the most prestigious platforms of the European Union regarding the environment. Thus, for the first time, a non-EU country company has succeeded in being a finalist.

We apply environmental management systems in all our processes and within this scope we set annual improvement objectives to decrease our environmental impact. It is of our priority to reduce and recycle the waste emerging in our plants at its source, therefore, to decrease emissions that occur from our operations.

We have reduced our GHG emissions by 13% in the last 5 years. Arçelik calculated the 2010 Greenhouse Gas (GHG) emissions sourced by its Headquarters and production campuses in Turkey by using IPCC-2006 Guidelines and in accordance with ISO 14064-1 GHG Emissions Reporting Standard. Our GHG emissions values have been verified by an independent accredited institution, to be at a reasonable assurance level. Our goal is to reduce GHG emissions by decreasing our total energy consumption by 5%, while simultaneously decreasing water consumption by 5% in at least 3 of our plants in 2011.

We create safe working environments for our human resources

One of the major factors in our success is creative, hard-working, innovation oriented human resources. In order to preserve and further develop this capable resource, we create a safe and peaceful work places where our employees benefit from advanced development opportunities. With our training programs that we carried out in 2010, we provided approximately 300,000 hours of training opportunity to our employees. Through the reliability of our health and safety systems, our employees' awareness and the improvements made, we reduced our accident frequency rate by 20% and accident gravity rate by 25% compared to those of 2009. We will also continue with our improvement practices in the future to sustain safe work places in Arçelik.

We care for sustainability in our supply processes

In our efforts to increase our sustainability performance, we place an emphasis on our supply processes. For this reason, we prefer to work with companies operating with higher standards of business ethics, environmental management and quality; we carry out communicational, educational and collaborative activities to increase their performance.

The Supplier Code of Conduct we developed during the reporting period outlines our expectations from our suppliers for sustainability norms, including human rights and environmental aspects. Through the inspections that our specialists conduct, we monitor our suppliers' degree of conformity to these norms.

We strive for social development

We define our role for sustainable development in the geography we operate in, not only with the economic parameters such as employment, tax-paying, growth and added value creation, but also with our contribution to social and cultural development. For this reason in 2010, as in the past, we have carried out several voluntary projects with our employees, authorized dealers and services.

We will elevate Arçelik in the league of global competition

Operating as a global organization, in our opinion, requires a unique perspective, which is beyond creating networks of production base, employment, supply, sales and services worldwide. With our vision of "Respects the Globe, Respected Globally", we act with universal values; we approach the problems on a global scale and seek solutions accordingly.

For this reason, we believe in the significance of constituting a multinational stakeholder engagement portfolio. With this attitude, we operate in compliance with various local and international standards and take active roles in sector organizations and professional associations. We will work for a "sustainable future" in the league of global competition with the same determination also in the future.

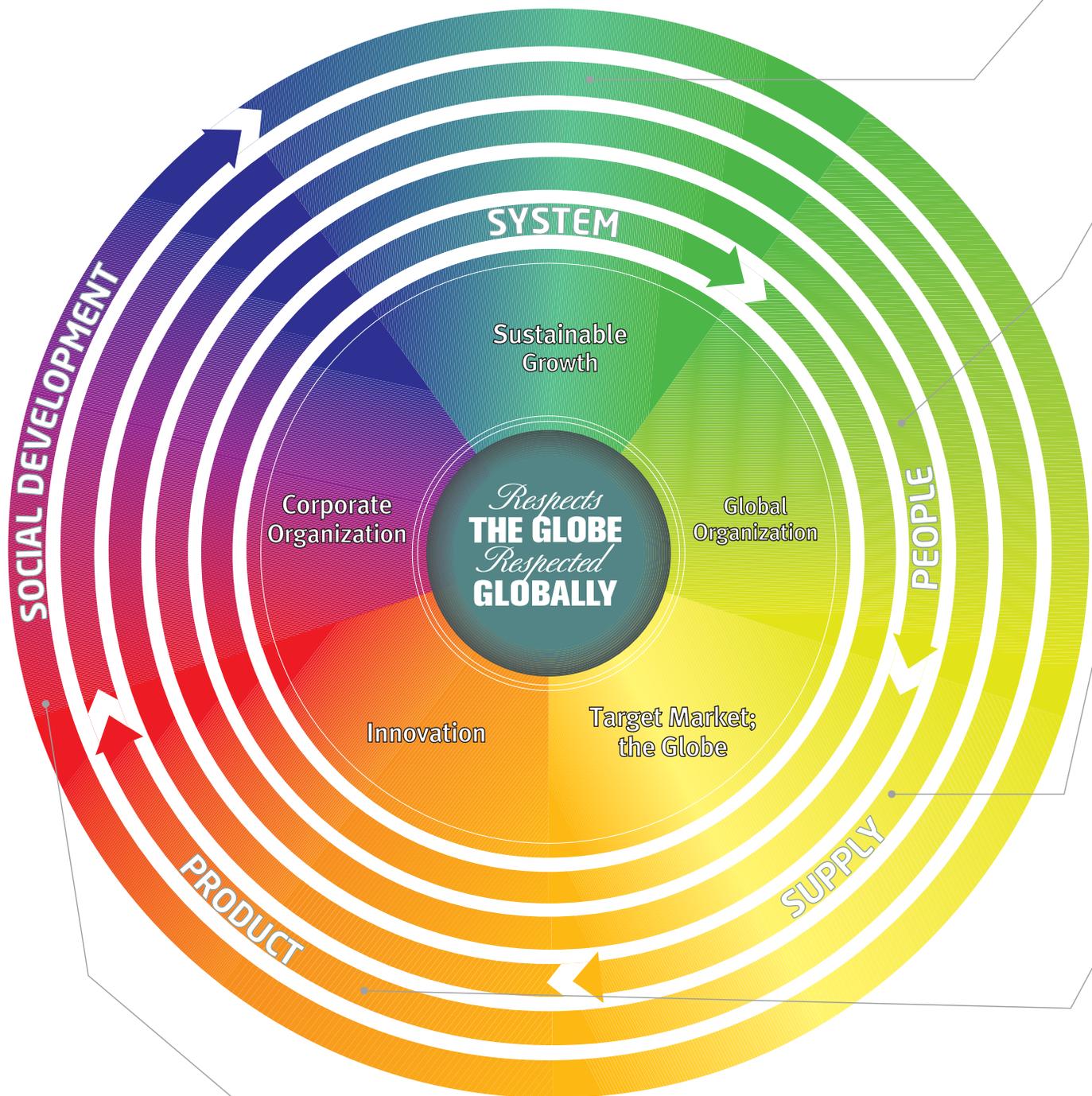
I would like to thank all our employees, distributors, suppliers and business partners for their devoted contribution to the success of our company; our customers for their confidence in our brands and products; and our shareholders for the support they have given us.

Yours Respectfully,

Levent Çakıroğlu



President of the Durables Group of Koç Holding A.Ş.
CEO of Arçelik A.Ş.



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

We Form Efficient and Sustainable Business Processes

- Through 138 energy efficiency projects conducted, we have;
 - Saved 71,137.9 GJ of energy,
 - Reduced 7,560 Tons CO₂e of GHG emissions.
- Through waste water recovery practices, we have saved 63,800 m³ of water and reduced discharge amount by 3.8%.
- We have recovered 98% of the wastes emerged in production plants.

We Raise Innovation Leaders

- By creating new job opportunities, we have increased number of our employees to 18,053.
- We have provided 296,185 hours of employee trainings.
- We have provided 66,523 hours of health & safety trainings.
- We have reduced accident frequency rate by 20%, accident gravity rate by 25%, compared to 2009.

Sustainable Supply is Crucial for Us

- We supplied products, materials, investment goods and services from 2.200 suppliers.
- On geographical region basis, 46% of our direct material purchase is supplied from Turkey.
- We had 1.6 million Euro worth direct material purchase volume from 45 countries.
- We have formed Arçelik-REACH team to manage the process in which we control whether our products and materials used in our products are free from harmful substances to environment and human health.

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

- In Russia, we have produced 1,000,000th washing machine.
- We have continued to produce innovative and environmental friendly products with more than 700 R&D employees in 7 R&D centers and investments exceeding 12 millions TL.
- We have developed the “World's Least Energy Consuming first A+++ No-Frost Refrigerator” in its own class with 60% energy saving.
- “The New Ecologist” is the “World's Least Water Consuming Dish Washer” with its 6 litres of consumption and one of the “World's Least Energy Consuming Products” with its 30% less energy consumption compared to A class.
- We have presented the Economist Washing Machine which has reached the A-50% energy consumption level by showing a higher performance than A+++ class.
- The ACM Built-in Washing Machine, provides a significant amount of saving by A-20% energy consumption level and 40% more washing capacity compared to the standard built-in products.
- We have saved 50% of paper used for product warranty documents and manuals, by changing their structure.

We Support Social Development

- We have reached to 258 boarding schools in 55 cities via Standing United for Education with Arçelik A.Ş. Program.
- Arçelik employees have donated 4,849 units of blood within the National Blood Donation Campaign in For My Country Project.
- We have provided scholarships for 896 students within the Vocational Education Project of Koç Holding A.Ş.
- We have continued our support for sports.

Sustainability Journey

- 
- 2003**
 - We adopted CMB's (Corporate Governance Principles (CGP) as a benchmark to evaluate our performance.
 - 2004**
 - We started to publish CGP Compliance Report both in Annual Reports and our website.
 - Packaging waste compliance in Turkey before the regulations were introduced.
 - 2005**
 - We signed the Code of Conduct issued by CECED.
 - We improved and expand university - industry cooperation studies.
 - 2006**
 - We redefined HR policy and procedures according to UNGC; published Arçelik HR Policy and Code of Ethics and Business Conduct and shared it with all our employees.
 - 2007**
 - Start of Lean 6 Sigma implementations.
 - 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 entered into force.
 - Arçelik Call Center was entitled as the Best Call Center in its category.
 - According to Nielsen Brand Survey, Arçelik became the first brand coming to mind and the brand to which the consumer feels closest for the last decade.
 - 2009**
 - We published "Arçelik Disclosure Policy".
 - We received our first corporate governance rating as 8.21 out of 10.
 - We restructured our OHS organization.
 - We restructured our HR Department in order to increase efficiency in international operations.
 - 2010**
 - We published 2008-2009 Arçelik Sustainability Report in GRI C level. Report according to GRI G3 Principles.
 - Our corporate governance rating has been raised to 8.55 out of 10.
 - After our plant in Russia has been certified to ISO 14001, our certified plant ratio reached to 100%.
 - We achieved to rank at the first place in the "Management" category of the "Turkey Program" of the "European Business Awards for the Environment" and we became one of the top three in the "European Program" of the same award programme. Thus, for the first time, a non-EU country company has succeeded in being a finalist.
 - An agreement between our Company and Turkish Ministry of Energy, UNDP and TURKBESD for cooperation on "Market Transformation of Energy Efficient Appliances" campaign in Turkey.



About Arçelik A.Ş.

Founded in 1955, Arçelik A.Ş. operates in consumer durables and consumer electronics sectors with its production, marketing and after-sales services. Arçelik A.Ş. belongs to the largest conglomerate in Turkey, Koç Group, which is existent in four core industries - energy, automotive, consumer durables, finance - and listed as the only Turkish company in "Fortune Global 500" list. (247th place in the 2010 rankings)

Arçelik A.Ş. has approximately 19.000 employees worldwide, 11 production plants in Turkey, Romania, Russia and China, sales and marketing offices in 19 countries and 9 brands (Arçelik, Beko, Grundig, Altus, Blomberg, Elektrabregenz, Arctic, Leisure, Flavel). The Company provides products and services to its consumers in more than 100 countries.

Maintaining its leadership in white goods, air conditioners and TVs in Turkey, Arçelik A.Ş. continues its rapid growth also in the global arena. Arçelik A.Ş. is the third largest company in its industry in Europe. Arçelik A.Ş.'s Beko brand is one of the top five brands in Europe in white goods sector, and one of the top 10 in the world.

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

Arçelik A.Ş. collects several awards from internationally acclaimed institutions thanks to its innovative technology, high quality products and production plants. In 2010, Arçelik A.Ş. achieved a consolidated turnover of 6.9 billion TL. and obtained an international sales of 3.5 billion TL. Arçelik A.Ş. is the clear leader in patent applications in Turkey. The Company holds more than one third of the international patent applications to WIPO (World Intellectual Property Organization) that are originating from Turkey. At the international platform, Arçelik A.Ş. is the only Turkish company among the first 500 PCT (Patent Cooperation Treaty) filing companies listed by the World Intellectual Property Organization, ranking at the 95th place in 2010.

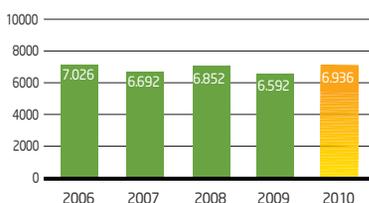
Arçelik A.Ş.'s vision "Respects the Globe, Respected Globally" focuses on the importance of becoming an ever-growing global brand, manufacturing products that are environmentally-friendly, innovative and provide higher standards of life by using natural resources effectively. Arçelik A.Ş. continues to manufacture energy and water efficient products with competitive edge and pioneering products featuring the "first"s and "most"s in the sector, thanks to the technological capacity reached as a result of a 20 years of expertise in R&D. With more than half a century of experience in the industry, Arçelik A.Ş. has consistently contributed to "Sustainable Development" by pioneering social and environmental activities in the countries where it operates, in addition to creating economic value through employment, growth and added value.

For further information please visit: www.arcelikas.com



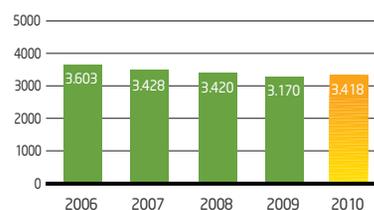
Net Sales

(TRY Million)



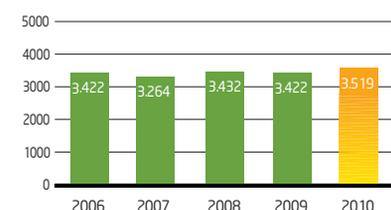
Net sales - Turkey

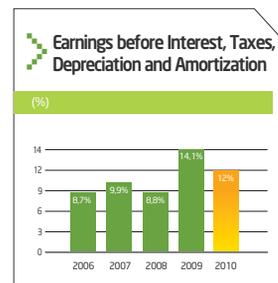
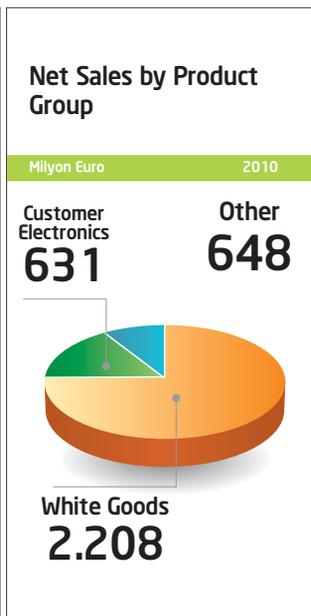
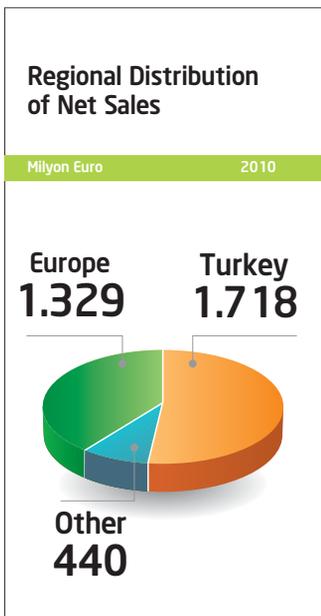
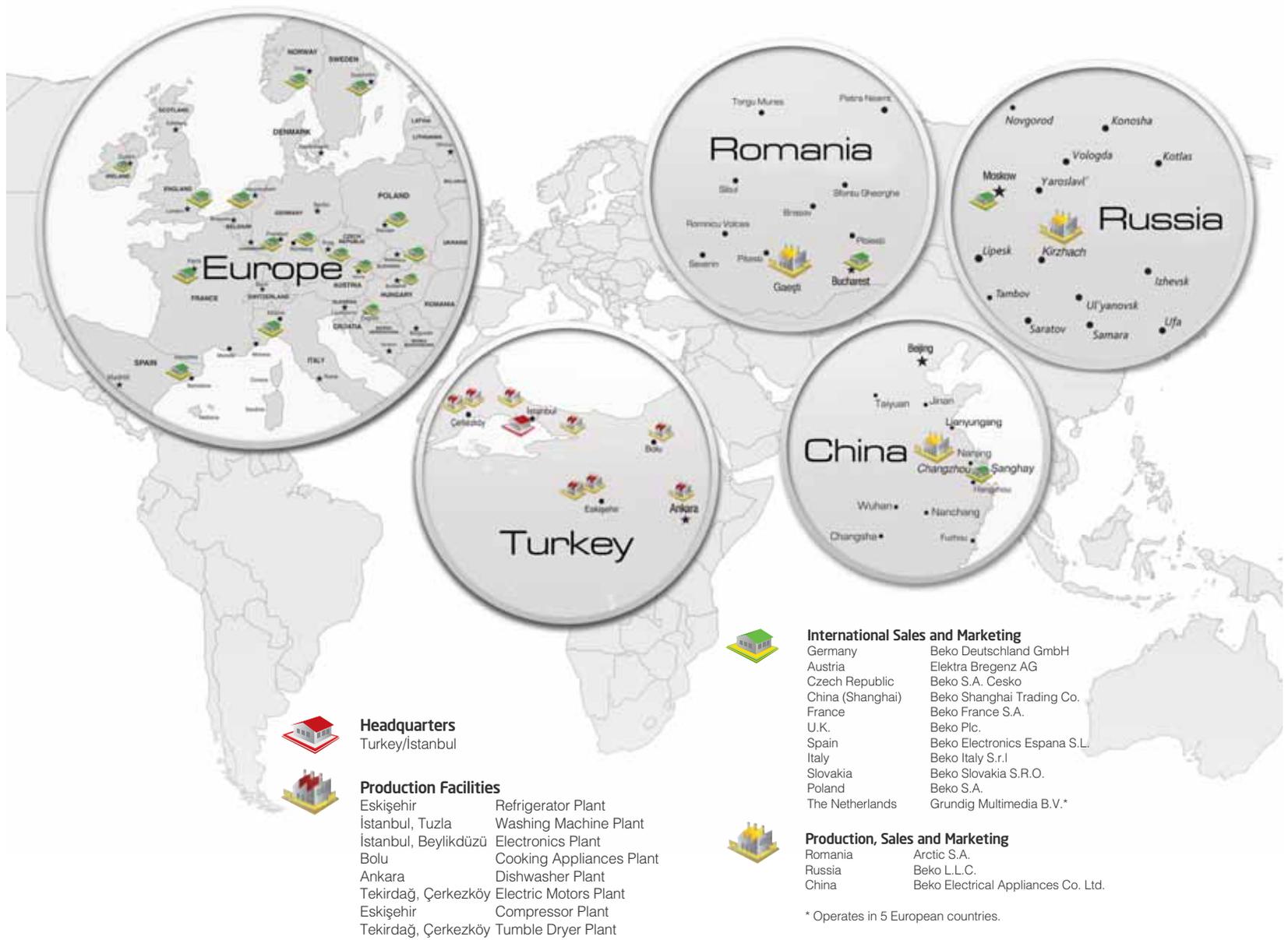
(TRY Million)



Net sales - International

(TRY Million)







We form efficient and sustainable business processes

Profitable, long term and sustainable growth is a challenging task; in order to accomplish this, we need to enlarge our economical sphere and the value added created for stakeholders while leaving behind a positive track. The shortest way to this end is to form your working principles, operation system and processes in the direction of accurate objectives right from the beginning and not to compromise your goals. As Arçelik A.Ş., we believe that not compromising from this point of view while realizing our growth objectives, has contributed significantly in achieving our respected place across the world.

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



Robust Governance for Sustainable Growth

For a company, management character is the most definitive factor for achieving business success. Companies which maintain a robust and responsible stance before the business environment, their sector and stakeholders via corporate philosophy and business conduct norms, acquire keys to success. Thus, they can design policies, objectives and strategies accurately for the efficient management of risks and opportunities that they encounter; they can build the infrastructure for a sustainable growth by meeting business success and social license to operate.

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

Corporate Governance

The principles defining our corporate governance understanding, which aims to sustain and improve our managerial success and respect before our shareholders, are; accountability, responsibility, fair treatment, openness and transparency. We continuously develop the organization and practices that we form in the light of these principles, and increase our corporate governance performance.

The most significant indicator of the progress we made in this field is the increasing of our corporate governance rating from 82.09% (2009) to 85.53% (2010) and the following acceptance into the ISE Corporate Governance Index.

Arçelik A.Ş.'s governance structure is a single stage system based on a Board of Directors selected by the General Assembly among shareholders. While the only executive member in the Board of Directors is the General Manager, there are no independent members.¹

All members of Arçelik A.Ş. Board of Directors, who are selected amongst respected individuals who proved their experience and expertise in economical, technical and legal fields required for the company management, are responsible for the economic performance of the company. The executive responsibility for the social and environmental performance on the other hand, belongs to the General Manager. The offices of the General Manager who is on the top of executive body and of the Chairman of the Board are held by separate individuals.

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

In 2010, with the participation of 2 non-executive Board members and Assistant General Manager, Corporate Governance Committee was founded in order to present suggestions to the Board of Directors regarding compliance with and improvements upon Corporate Governance Principles.



Risk Management

Moreover, in order to determine the operational, strategic, financial and other risks and manage them in compliance with company's corporate risk taking profile, Risk Management Committee was founded with the participation of 4 non-executive Board members.

With the participation of 4 non-executive Board members and the General Manager- the executive member-, Investment and Business Development Committee was founded in order to plan the strategic tendencies regarding company operations and support the Board of Directors in following the decided practices and investments.

General principles for foundation, practice, meeting and reporting of all committees were determined by Board of Directors. For detailed information regarding Arçelik A.Ş.'s corporate governance structure, Board of Directors members and the top management, you can visit the "About Arçelik A.Ş." and "Investor Relations" tabs at www.arcelikas.com.

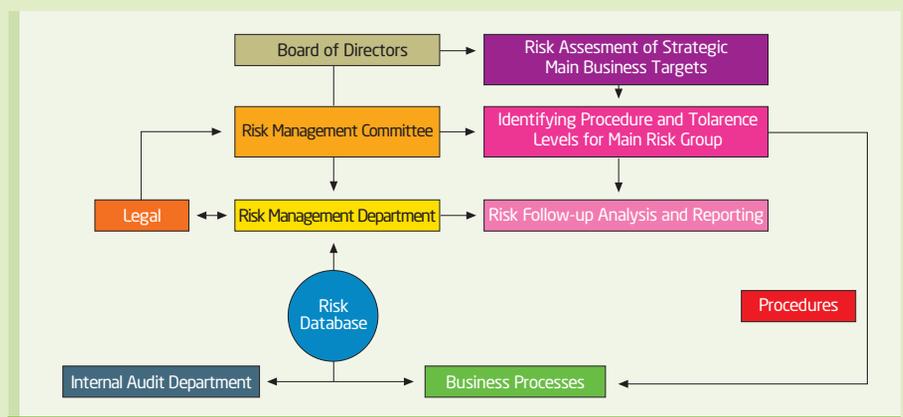
In Arçelik A.Ş. risks are managed with a holistic approach. The strategic, operational, financial and other aspects posing risk for our short and long term objectives are evaluated, in every level of the organization starting from the Board of Directors. With regard to this, the Risk Management Committee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

In line with the evaluation and decisions taken by the Board of Directors regarding the strategic risks, Risk Management Committee determines

the procedures regarding major risk groups, which will be applied in integration with relevant business processes. Process managers apply these procedures within their workflow routine. "Risk Management Administration" which is organized within the company supports process managers to manage risks, follows the emerging risks and ensures their analysis and reporting.

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

Risk Management Organization and Responsibilities



Sustainability Management

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

In the management of corporate sustainability, we adopt a risk-based and holistic approach. In the reporting period, a materiality study has been held with the participation of Arçelik A.Ş. Sustainability Work Group where every aspect of our activities and organizational structure is represented. In this study, the social, economic, environmental and ethical dimensions of our activities were examined, risks and opportunities we may encounter and stakeholder expectations were evaluated. Within the same process, a study concerning the determination of stakeholder groups matching with determined material issues was held.

We evaluate and manage the topics emerging as a result of our materiality study under 5 focal points: System, People, Supply Chain, Product and Social Development. In an issue-based order, we can depict the material fields of Arçelik A.Ş.'s sustainability management as contribution to local economies, total quality management, corporate governance and business ethics, green approach in business processes, human rights in the workplace, talent and performance management, occupational health and safety, sustainability in procurement processes, innovative and environment friendly products, product information, development in sales and after sales services, and contribution to social development.

The practice oriented infrastructure of Arçelik A.Ş. sustainability management is constituted by focal point based policy documents. Thanks to these documents, particularly Ethical Values, Environment Policy, Quality Policy, Work Health and Safety Policy, Human Resources Policy, Supplier Working Conditions and Public Disclosure Policy which define working principles and procedures, we conduct sustainability management and realize performance improving studies. Our stakeholders can access Arçelik A.Ş.'s corporate policy documents at "Investor Relations," "Sustainability," "Human Resources" and "Purchasing" tabs of the corporate website www.arcelikas.com.

Sustainability Management Approach



Arçelik A.Ş. Management System is the sum of workforce and workflows organized towards the corporate vision. We employ various standards and methodologies to increase the efficiency of management system. While we form our working systematic in all our facilities, we adopt standards such as ISO 9001 Quality Management System, ISO 14001 Environment Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 170025 Laboratory Management System and methodologies such as Product Lifecycle Management (PLM), Total Productive Maintenance (TPM), 6 Sigma. We manage these standards and methodologies in an integrated manner under the EFQM Excellence Model's umbrella. We use variety of central systems and softwares such as Document and Process Management Software (ARDOK) which is unique to Arçelik A.Ş. and works upon the company's

intranet (ARPORT). We evaluate the realizations we get as a consequence of the target-based studies with a performance measuring system formed with objective criteria; and present the findings to our stakeholders in line with accountability and transparency principles and via tools and methods determined by our public disclosure policy. We employ the feedbacks we obtain to develop our strategic directions, systems, processes, products and practices.

Legal Compliance And Voluntary Initiatives

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

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

In this regard, we comply with the Energy Using Products Directive (EuP), Waste Electrical and Electronic Equipment Directive (WEEE), Restriction of Hazardous Substances Directive (RoHS) and EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation. For detailed information regarding the directives Arçelik A.Ş. comply with, you can visit the "Sustainability" segment at www.arcelikas.com.

In 2006, Koç Holding, became the signatories of UN Global Compact. Being one of the Koç Holding companies' Arçelik A.Ş. complies with the UN Global Compact. Apart from our corporate practices, we also follow the working principles of Global Compact in the supplier evaluation processes.

In Arçelik A.Ş.' domestic and foreign production plants, a compliance report has been received in 2010 with audits held by an independent auditing firm in accordance with the BSCI and Sedex Social Responsibility Organizations' criteria which is widely acknowledged in European Union.

The auditing program will continue in 2011 and 2012.

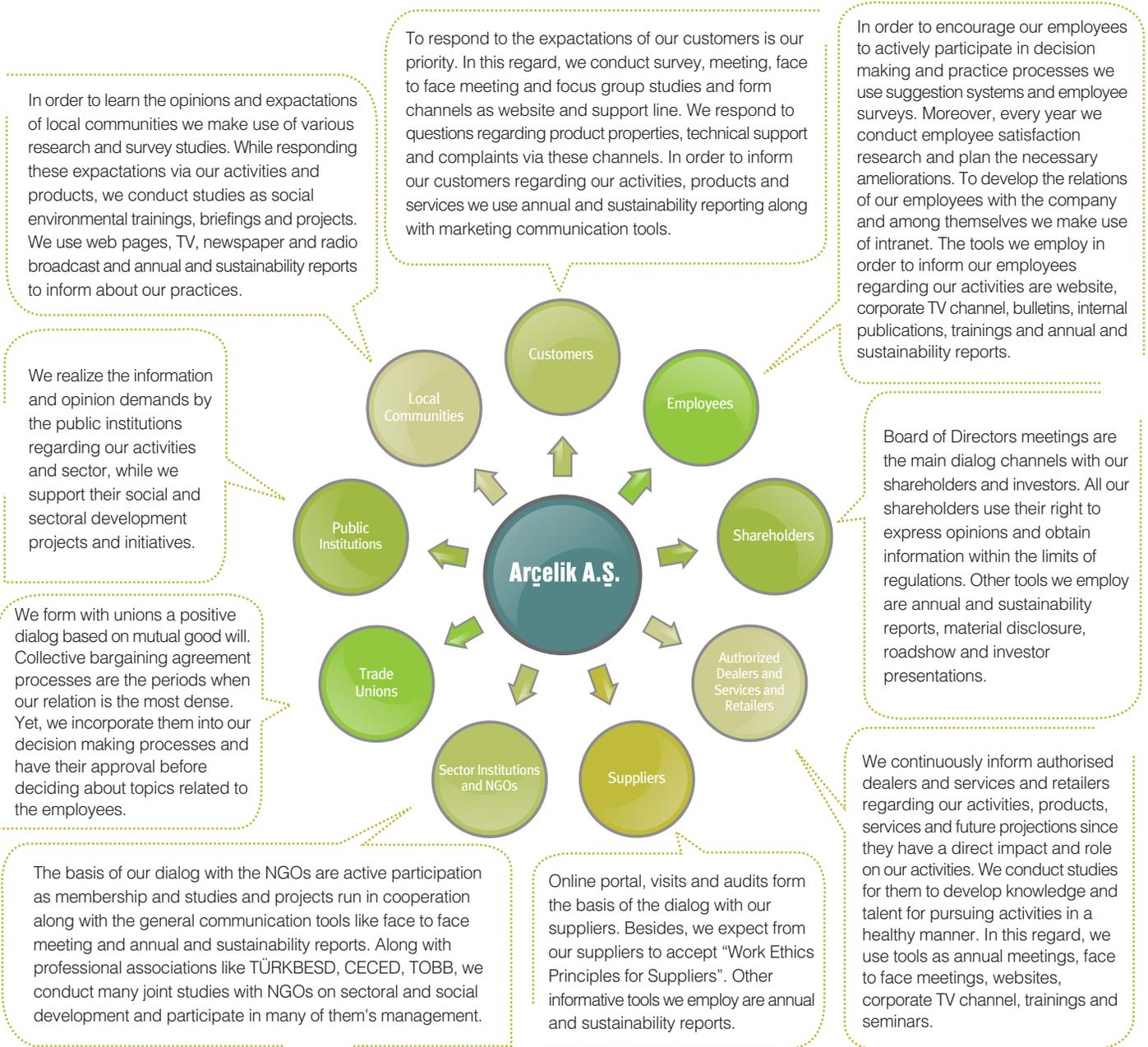
Compliance with Competition Rules

Our fundamental philosophy with regard to competition is to protect the competitive environment rather than protecting ourselves from competition. In this regard, the compliance with competition rules and regulations is extremely significant for us. We pursue all of our activities in compliance with competition rules and in irresolute cases we apply to Competition Authority.

Moreover we provide the necessary feedback to the Authority by answering the questions directed to us regarding the sector and the market. Thanks to this sensitivity, all of Arçelik A.Ş.'s activities have always been in full compliance with the rules determined by the Authority.

Dialogue With Stakeholders

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



FOUNDATIONS	PARTICIPATION
Foreign Economic Relations Board (DEİK)	Membership to General Assembly in various business councils and High level representation with various memberships
Istanbul Mine and Metals Exporters Unions (IMMIB)	Chairman of the Boar
Istanbul Chamber of Industry (ISO)	Precidency in Professional Committee, Assembly Membership, Membership to Environment Technical Committee
Foundation for Heating, Cooling, and Air Conditioning Research and Education (ISKAV)	Membership to Board of Trustees
Istanbul Trade Chamber (ITO)	Precidency in Professional Committee and Assembly Membership
Turkish Electronic Industrialists Association (TESİD) with other memberships	Membership to General Assembly and high level representation
Turkish Exporters Assembly (TİM)	Membership to General Assembly
Turkish Foreign Trade Association (TÜRKTRADE)	Vice Presidency in the General Assembly
Turkish White Good Manufacturers' Association (TÜRKBESD)	Chairman of the Board
Turkish Industry & Business Association (TUSİAD)	High level representation with 12 Working Group Membership
Turkish Investor Relations Association (TUYİD)	Charter Membership
Electronic Equipments Manufacturers' Association (ECİD)	Vice Presidency
Turkish Quality Association (KALDER)	High level representation with various honorary and principal memberships
Turkish Informatics Foundation (TVB)	High level representation
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Along with high level representation, membership to assemblies and professional commissions in various chabers and commodity exchange unions.
European Committee of Domestic Equipment Manufacturers (CECED)	High level representation

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

Responsibility Comes First

Land is one of the fundamental production factors. This factor which face us as production locations in our work life, deeply affects the operational efficiency. The production which takes place on locations appropriate for the planned production, convenient for raw material and product logistics, close to energy and water distribution lines and accessible to the qualified and sufficient number of human resource are highly efficient.

Another dimension to the chosen location, apart from the advantages it provides is the dimension of social and environmental impact. Every physical environment is affected by its inhabitants. Hence, since we act within a physical environment, we need to be aware that environment can be affected by our activities and avoid the potential threats before their emergence.

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

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

Due to our field of activity, our operational plants reside in locations determined to be appropriate for industrial production. Hence none of our facilities reside at natural protected areas, special environmental areas or RAMSAR areas determined by laws or international agreements. There are no locations of this kind within the impact area of our plants. Our activities do not cause any significant impact upon biodiversity or natural habitats, thanks to our location selections, tight precautions we take and environmental impact reducing studies. On the contrary, we attempt to raise the biodiversity value of our impact area via protection and improvement works we pursue to develop natural environment. In this regard, during 2010, we covered 20,519 m² of land within our various activity sites with grass and put under protection against external factors. For 2011, we aim to establish an "Arçelik A.Ş. Memorial Forest" planting 4,500 saplings. Besides, we are conducting studies

to prevent light pollution for its negative impacts on the ecosystem. In this regard, we will start a project in 2011 which is to change the wavelength of the exterior lightning of our plants. In addition to these studies, our practices on chemical substance usage and emission reduction have positive effects on biodiversity.



Green Approach in Resource Management

Developing efficient and sustainable business processes and continuous improvement of our performance in this field have a pivotal place in our business strategy. For realizing this, we always keep one major question in our mind: "How we can produce more by allocating even less resource?".

Enhancing efficiency in resource utilization has major importance for various aspects of our business. Additional profitability brought by using less resource would be the first benefit coming to the mind. However, the major

advantage that the enhanced resource efficiency provides us would be the improvement of our corporate sustainability performance. Briefly stated; efficient use of resources means employing less water, energy and raw materials in order to fulfill our needs. By this means, we can secure our scarce resources in order to meet our needs in the future. Besides, using less resource, help us to leave behind less emission, waste water and solid waste. Thus, we prevent a possible environmental pollution. But, above all, efficient use of resources is a crowning touch in combating the climate change which is the major agenda in our day.

Combating the Climate Change

Emissions originating from the energy consumption are the main reason for the increase of GHG gases in the atmosphere which results in the climate change. However, energy is the most fundamental need for us to survive. Increase of energy consumption as a result of population growth that we currently witness, deprives our planet from ensuring its fragile balance within its natural means. While the scientific researches offer different time frames, they are on the same page that the climate change will pose a vital threat for all populations living on Earth, not long after. It's necessary to foresee that changes in the physical living conditions will lead further fundamental changes in the global socioeconomic structure. For this reason, climate change should be taken not only as an environmental threat but also as a social and economic threat, thus must be combated with. As Arçelik A.Ş., we acknowledge that the climate change is a serious risk both for the future of the world and for our corporate sustainability; as a responsible global citizen, we conduct serious work in order to tackle this issue. We build our climate change strategy which also has an important role in our environmental management, on 3 focal points: From procurement to the distribution, increasing resource efficiency continuously in all our operational processes; providing environment friendly products with the best energy and water saving performance to our consumers; raising awareness on the climate change amongst the society and supporting the solution generating efforts.

Arçelik A.Ş. has completed all preparations for signing in the Climate Platform, an independent and not-for-profit initiative supported by TUSIAD (Turkish Industry and Business Association) and REC (Regional Environmental Center Turkey) which aims combating the climate change and structuring a carbon oriented new economical model. Arçelik A.Ş. aims to participate in the Climate Platform-Turkey, Climate Change Leaders' Group with its top executives.

Environmental Management



ARÇELİK A.Ş. ENVIRONMENTAL POLICY

Arçelik and its employees comply with all applicable national and international environmental laws and regulations; manufacture environment-friendly products in line with environmental management system based on continuous improvement.

We perform our activities to:

Inherit a clean and healthy environment to the new generations.

Use energy and natural resources efficiently.

Minimize the adverse environmental impacts of production, beginning with the design stage.

Prevent pollution at the source.

Raise environmental awareness of our employees and the society

accompanying the Quality, Health and Safety Management Systems and we strive to set a model in durable goods sector with regard to environmental efforts.

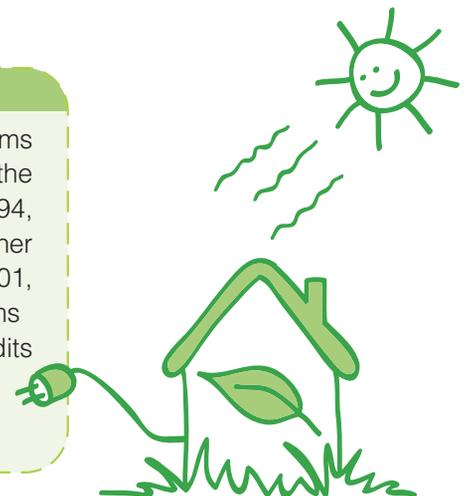
“Green approach during the product life-cycle” principle defines our vision for environmental management. Thus, we aim at decreasing environmental impacts of all processes from raw material to the product consumption. With these attempts, our focal point is efficient use of resources.

We manage environmental impacts, occurring as a result of production processes, through the procedures structured with national and international standards and systems;

by an organizational structure assigned to the management of this issue.

Arçelik A.Ş. Environmental Policy outlines the main frame for our environmental management. Policy-oriented strategic tendencies based on ISO 14001 Environmental Management System Standard followed in integration with ISO 9001 Quality Management System Standard.

Arçelik A.Ş. has a long established track-record on employing management systems in order to improve efficiency of the environmental management. Two years after the presentation of the BS 7750 Environmental Management System Standard in 1994, which is the first published standard on environmental management, our Dishwasher Plant has been certified accordingly. In 1996, right after the publication of ISO 14001, the ISO version of BS 7750 Standard, we have adjusted and certified our systems accordingly. After the certification of our plant in Russia as a result of external audits held by accredited organizations in 2010, our proportion of ISO 14001 certified plants climbed up to 100%.





After the evaluations conducted in all our plants, and by including all management aspects from strategic structure to the objectives and performances, in 2010 Arçelik A.Ş. has been entitled as the finalist of “European Business Awards for the Environment - European Program” in “Management Category” and received the First Prize in “European Business Awards for the Environment - Turkey Program”. These awards are the main indicators of the quality and reliability of our environmental management systematic.

Central Energy and Environment Department (CEEM) is the main authority for environmental management practices. Arçelik A.Ş. Environmental Coordination Committee, steered by CEEM, is composed of individuals responsible from environmental issues of all production and non-production processes and functions by monthly meetings.

Within the Committee's practices, roadmaps to follow are determined by discussing recent developments and new technologies; environmental management practices are monitored. Goals set by environmental management organization in line with the Environmental Policy and business strategies, are spread to individual performance indicators and thus the participation of all employees is enabled. Arçelik A.Ş. Environmental Management Unit ensures realization of the targeted activities controls and monitors the compliance to all national and international regulations and to all systems and standards followed, determines new action plans according to the outcomes and carries out legal procedures. Efficiency and continuity of environmental management system is secured not only by internal audits but also through external audits conducted by independent organizations. All environmental practices and outcomes obtained are reported to all related stakeholders as well as to Arçelik A.Ş. senior management.

Environmental Trainings

Main enabler for increasing environmental performance is well informed and conscious employees. We include our subcontractors, project workers and trainees in the scope of environmental trainings besides our employees. All those individuals are subject to a broad spectrum orientation training right after they start to work with us. In these trainings, information is provided on environmental awareness and Environmental Management in Arçelik A.Ş. Within this context, in 2010, we have provided 80 person*hours of orientation training. Besides basic environmental training, we also provide environmental training programs in various subtitles. In 2010, we have provided 11,055 person*hours employee training and 680 person*hours subcontractor training in a wide range including environmental and energy management systems, carbon management, environmental regulations, management of chemicals, emergencies, waste management and hygiene.



Resource Use in Production Plants

Efficiency in Material Use

We use raw materials and equipment provided by our suppliers and subcontractors in the production processes. We register and monitor this consumption in product basis through computer assisted systems. By this means, we keep material flow costs under control and maintain resource efficiency by realizing material reduction projects.

2010 Raw Materials and Other Materials Use in Production Plants in Turkey (Tons)

Raw Materials	
Plastic	59,263
Metals	244,045
Others(1)	186
Materials(2)	343.630
Chemicals (3)	9,875
Total	656,999

(1) Presented data reflect isolation raw material consumption.

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

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

In 2010, we have reduced our consumption by conducting projects aiming efficiency in material use. For instance, through the practices developed in Washing Machine Plant we have reduced sheet metal use by 1,020 tons. Besides, through the removal of LCD screen saver stickers, we have saved plastic materials.

Another environmental aspect of materials use is the impacts of chemicals use in processes and products. In this context, we take precautions in order to comply with the EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals, namely REACH, which provides a legal outline for new EU Chemicals Strategy came into force in 2007. To this end, we cooperate with industrialists, manufacturers, subcontractors and other stakeholders. Moreover, Arçelik A.Ş. is the first home appliance manufacturer in Turkey, which has been producing CFC-free refrigerators 11 years before the Turkey's deadline for adopting the Montreal Protocol stipulating the restriction of ozone depleting substance use.



Water Usage and Recycling

Water is one of the major inputs of our production processes. We provide 33% of our demand from wells and 67% from municipal water.

Total Water Withdrawal by Source (m³)

	2009	2010
Wells	374,187	436,176
Municipal Water	927,311	973,574
Total	1,301,498	1,409,750

In 2010, production quantities of our plants in Turkey increased 15% on average. As a result of the improvements and recycling practices, we have managed to keep water consumption increase on 8.3% and consequently withdrawn 1,409,750 m³ of water.

With the projects realized during the year, we have managed to recover 63,800 m³ water in general. In Washing Machine Plant, we have recovered 30,000 m³ of water through the practice aiming the reuse of waste water emerged in surface treatment process in dyeing facility within the same process after treatment. Through another project, we have recovered 12,000 m³ of water by feeding ion exchanger unit with the water used in assembly line function tests.

Thanks the project realized in Cooking Appliances Plant, we have saved 2,400 m³ of water by employing recycled waste water in preparation of chemical solutions for treatment facilities. In Dishwasher Plant, we have saved 19,400 m³ of water totally by passing anolyte tank discharge water through deionization facility and recycling of rinse water in dyeing facility.

Water Discharge

In order to preserve the quality of underground and surface water resources, to prevent water pollution and negative impacts on biodiversity, in all our plants, waste water emerged is discharged only after the chemical and biological treatment conducted in the facilities built according to the water discharge standards and to emerged water characteristics prescribed in legal regulations.

Total Water Discharge by Destination (m³)

	2009	2010
Public Tailrace Connection Discharge	328,421	230,083
Receiving Systems	135,002	171,770
Industrial Zone		
Tailrace Discharge	393,724	422,820
Total (m³)	857,147	824,673

In 2010, through the recycling projects realized by our plants in Turkey, we have reduced our water discharges by 3.8% compared to 2009.

We control and monitor conformity of discharged water quality to the standards outlined by legal regulations, via regular analyzes; we work for further improvement of discharged water quality which is already well under the legal limit values. Thus, COD (chemical oxygen demand) values of waste water discharged by our plants are notably under legal limit values in Turkey.

COD Values of Discharged Water (mg/l)

Plant*	2009	2010	Legal Limit Value for COD (mg/l)**
Cooking Appliances	30	22	100
Dishwasher	94.8	58.6	1,000
Electronic	198	44	600
Refrigerators and Compressor	17	22	100
Tumble Dryer	130	30	1,000
Washing Machine	114	123.6	600

* Due to the insignificance by amount, industrial waste water emerged in Electric Motors Plant is disposed by firms licensed in compliance with the legal regulations. Domestic waste water of the Plant is treated in Industrial Zone waste water treatment facilities.

** According to the legal regulations in Turkey, limit values for water discharges can vary with respect to the water characteristics and to the receiving environment.

COD: Chemical Oxygen Demand

In 2010, in Cooking Appliances Plant we have initiated a new project in order to increase efficiency of waste water treatment facility. In this project, which we will continue in 2011, we focus on enhancing treatment efficiency through reduction of chemical substance use and minimum sludge formation. Moreover, we have conducted practices in order to lower chemical oxygen demand (COD) of waste water. With these attempts, we have reduced the annual amount of treatment sludge by 121,150 tons. During 2010, thanks to the improvement studies carried out in Tumble Dryer Plant, we have reduced chemical substance use in treatment facilities by 30%.

Energy Consumption and Emissions

In 2010, in addition to production based values, we have included energy consumption values of storage units, administrative buildings, social facilities, refectories and similar facilities, which are found in the campuses where

we have production plants, to our energy consumption measurements. Beside this change, due to the significant increase of production amounts, total energy consumption values in 2010 increased compared to the previous year.

Despite 15% increase in production amount in 2010, thanks to the efficiency projects that we have conducted, energy consumption increase rate was limited to 11.3%. While direct energy consumption has increased 12.9%, indirect energy consumption has increased 8%. Accordingly, our total energy consumption in 2010 was 1,785,902 GJ.

Direct Energy Consumption (GJ/Year)

	2008	2009	2010
Diesel	4,378	5,691	9,237
Fuel Oil	93,248	59,969	53,669
LNG	180,201	12,355	0
LPG	71,393	34,336	55,539
Natural Gas	860,272	968,068	1,101,466
Total	1,209,492	1,080,419	1,219,911

Energy and Emissions Management

Arçelik A.Ş. Energy Management is composed of practices such as measurement, monitoring, analyzing and reduction of energy consumption values. Energy Committees which are organized in plants with the participation of employees from various disciplines and categories, compose the energy management organization by cooperating with TPM Office and Environmental Coordination Committee. Every month, efficiency practices which are conducted according to the defined performance targets and their outcomes are disclosed to the related stakeholders via company-wide energy reports. We continue our studies on TS EN 50001 Energy Management System Standard compliance by which we aim a more systematic management approach.

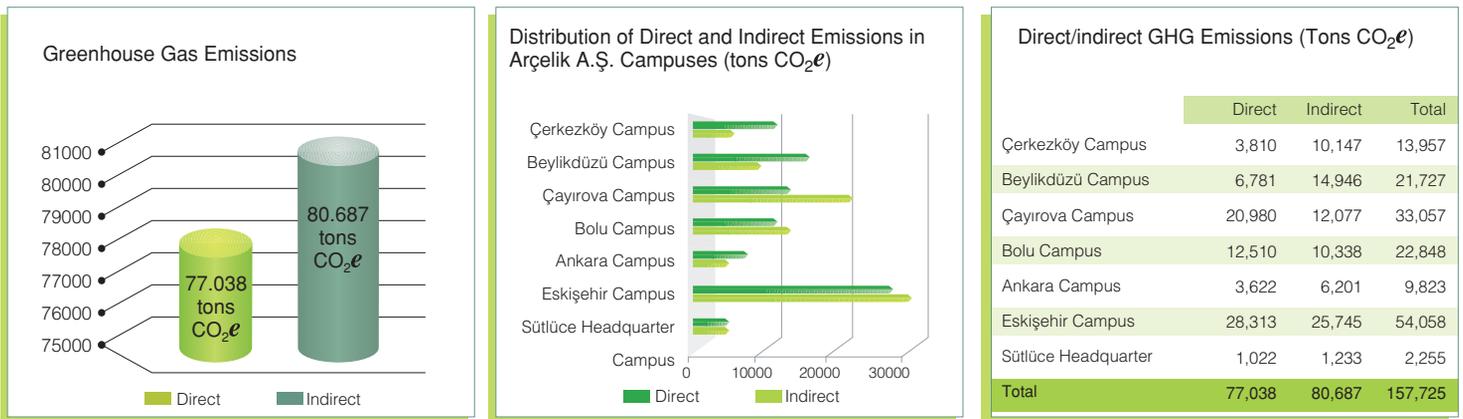
As GHG emissions calculation methodology, we use IPCC 2006 Guidelines. Our Greenhouse Gas Emissions audited in accordance with ISO 14064-1 GHG Emissions Reporting Standard and verified by an independent accredited institution, to be at a reasonable assurance level.

Indirect Energy Consumption (GJ/Year)

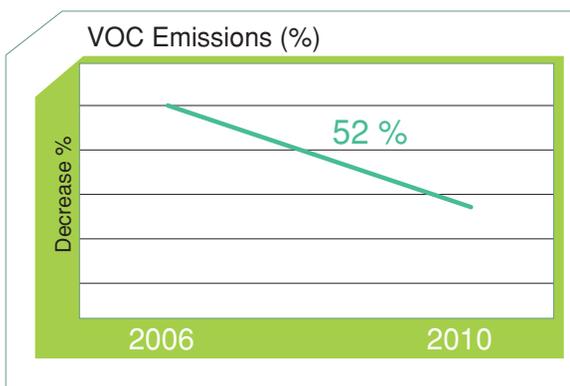
	2008	2009	2010
Electricity	581,591	524,158	565,991



In 2010, total amount of GHG emissions covered 6 campuses in Turkey including production plants, storage units, administrative buildings and other facilities and the Arçelik A.Ş. Headquarter, are 157,725 tons CO₂e.

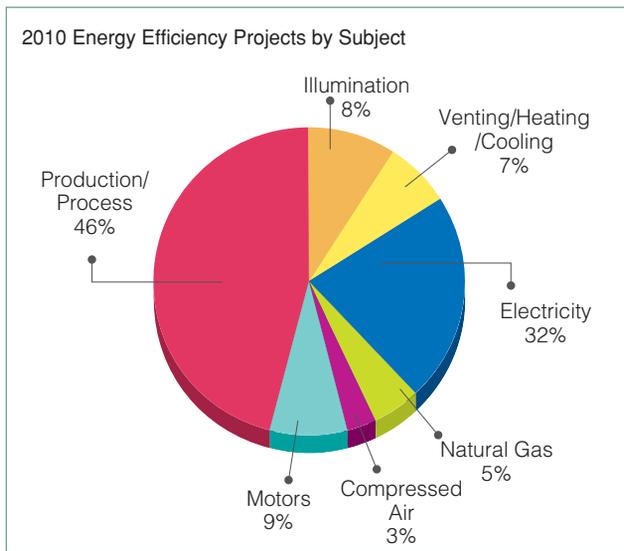


Arçelik A.Ş. Emissions Management, in addition to the climate change and GHG emissions, contains management practices for other relevant emissions in order to protect air quality. In this context, all our plants conduct their activities in accordance with emissions limit values defined in legal regulations and within the emission licenses issued by public authorities. We disclose our compliance to the defined emissions levels via emissions reports containing the results of measurements realized by independent and accredited laboratories. We enhance our performance through continuous studies aiming air quality improvement. Since 2006, by employing powder coating system instead of traditional dyeing processes, we have reduced Volatile Organic Compound (VOC) emissions by 52% and (SO₂) emissions by 45% through energy efficiency practices and use of different energy resources.



Energy Consumption and Emissions Reduction Projects

Arçelik A.Ş. Plants are “energy efficient zones.” In energy efficiency projects, energy consumption in work unit is measured and energy efficiency is questioned thanks to the measurement devices in consumption sectors and Scada systems. After technical and financial analyze of a possible need for energy efficiency practice in the given sector, with the management approval, projects are designed and conducted. Energy Committee monitors the outcomes of energy efficiency projects.



In 2010, as a result of 138 energy efficiency projects conducted in Arçelik A.Ş. plants in Turkey, we have saved 71,137.9 GJ of energy composed of 11,205,587 kwh of electricity and 804,037 m³ of natural gas.

These projects have also resulted with a total GHG emissions reduction of 7,560 tons CO₂e which is composed of 1,551 tons CO₂e of direct emissions and 6,009 tons CO₂e of indirect emissions. These projects were aiming mostly improvements in production processes and electricity consumption. As a result of the plastic injection mould cooling unit project which we realized in Tumble-Dryer Plant, we made the cooling water reach from central cooling unit and reduced the energy consumption. In this way, we saved 0.05 Kwh/Kg and compared to 2009, we financially saved 28%, increased efficiency by 20% and improved component cycle duration by 10%. At the end of the project we prevented 93,435 kwh electricity consumption and 45 tons of CO₂e emissions.

In the project we realized in order to avoid inefficiencies arising from the non-active combustion of the fuel in polystyrene facility boiler in Cooking Appliances Plant, we used magnetic resonance to activate natural gas atoms. As a result of the 3% increase in combustion efficiency, we realized 24,420 m³ natural gas saving and avoided 47 tons of CO₂e emissions. In another project where we targeted to increase the equipment efficiency in the same facility to 95%, we managed to perform higher than our objective and reached 96.5%. Thus we saved 729,600 kwh of natural gas and 182.400 kwh of electricity, reduced 220 Tons CO₂e emissions.

THE FIRST COMPANY
IN THE WORLD'S
WHITE GOODS
SECTOR



In Turkey, our 8 production plants obtained “Gold Certificate” on “energy efficiency in production”.

Arçelik A.Ş. is the Energy Efficiency Award Champion of 2010

In 2010, we realized an energy pré-étude in our 8 facilities in Turkey where the energy management system was examined. After the evaluation by an independent body authorized by Republic of Turkey Work Etude Administration, all our plants obtained “Gold Certificate.” Arçelik A.Ş. is the first and only firm in the world white goods sector to obtain this certificate.

Arçelik A.Ş. was also the champion of 11th SENVER project competition in 2010 organized by the Ministry of Energy and Natural Resources. Tumble-Dryer Plant has finished first in the category “Increasing Energy Efficiency in the Industry Projects” (SEVAP 1) while Eskişehir Refrigerator Plant came first in the category “Energy Efficient Industrial Plant” (EVET). With the world's least water consuming washing machine - with 6 liters consumption - released in 2010 which ensures 30% energy saving the first position in the category “Energy Efficient Product” was also occupied by Arçelik A.Ş., making it champions in all categories.



Integrated Waste Management

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

The 3R principle (Reduce, Reuse, Recycle) constitutes the main character of Arçelik A.Ş.'s integrated waste management. The order of precedence in the practice processes are evaluated as: avoiding the waste formation, reducing the amount of waste, recycling the waste or recovering the waste as an energy resource while the waste disposal is considered as the last option. The wastes arising from our activities are firstly classified, then gathered at their source with regard to the type of waste and regulations, then transported with appropriate licensed vehicles, later recovered in licensed facilities and 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.

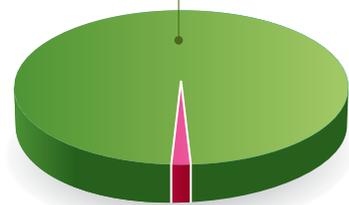
Wastes Arising from the Factories in Turkey (tons)

	Recovered	Disposal	Recovery Ratio (%)
Hazardous Waste (Tons)	1,841	129	93
Non-Hazardous Waste (Tons)	62,525	1,310*	98
Total	64,366	1,439	98

*:Mainly domestic wastes.

Waste

Recycled;
64.366 tons



Disposed;
1.439 tons



Choosing Business Partners for Waste Disposal

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

Waste Reduction Project in Refrigerator and Cooking Appliance Plants

Phosphate used in the process, when found in excessive amounts in receiver environments, causes a significant environmental pollution and makes a negative impact to the biodiversity. Hence, the zinc-phosphate process is one of the most load creator processes for the treatment facilities. For this, we searched for a greener alternative that would substitute zinc-phosphate process. In the project we realized in 2010 at Cooking Appliances Plant, we removed the whole zinc-phosphate process and shifted to nanotechnology surface coating process which does not generate process mud; hence removed 24 tons of process mud.

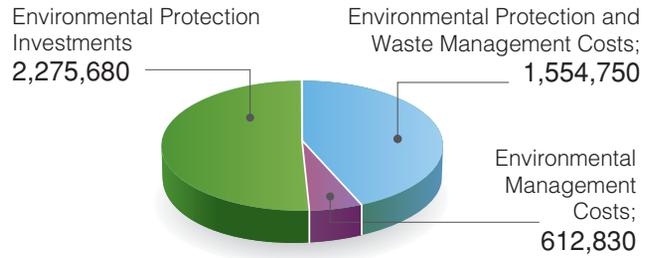
By the same token, in the Refrigerator Plant dyehouse we started to use nanotechnology surface coating material instead of phosphate, reducing the treatment mud by 58 tons.

Arçelik A.Ş. has been working on "Hazardous Waste Management in Compliance with EU Environment Regulations in Turkey Project" which is supported by Ministry of Environment and City Planning and funded by TÜBİTAK, jointly with the Marmara University Environmental Engineering department. With this project it is aimed to contribute to the construction of a waste management systematic. Arçelik A.Ş. has been collaborating with other universities on topics relating energy and environment.

Environment Protection Investments and Expenses

With regard to the significance we pay to the elimination of the impact of our activities on environment, every year we transfer significant amounts of resource to the environment management and investment processes. Within this scope, we realized 4,443,260 TL environmental investments and expenses in 2010. While 35% of total environmental costs were regarding environment protection and waste management expenses, 14% was of environment management costs, and 51% was of environment protection investments.

Environmental Expenses and Investments (TL)



Raising Public Awareness on Resource Consumption

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

In drawing the attention of the consumers to energy and water efficient products, the tool we most frequently use is the advertisements. In this valuable channel, we try to prioritize the environment friendly qualities of our products. Besides the product advertising, another tool we employ is social awareness raising training programs. We realize our trainings regarding environment, energy, waste management and carbon footprint in schools and seminars. Within this scope in 2010 we have provided 1,100 person*hour trainings to 600 people.

As Arçelik A.Ş. in 2010, we have started the "Market Transformation of Energy Efficient Products" project jointly with United Nations Development Program (UNDP), Global Environment Fund (GEF), Turkish White Good Manufacturers' Association (TürkBESD), Turkish Ministry of Industry and Commerce and General Directorate of Electrical Power Resources Survey and Development Administration. This high budget project will last to the end of 2014. The aim of the project is to enhance the transformation to less energy consuming electrical home appliances thus reducing the domestic electric consumption and greenhouse gas emissions.

The national and local benefits expected from the project are;

- Reducing the local pollution arising from the consumption of conventional energy resources,
- Economic saving on a national level and less dependence to imported energy, hence less cost,
- New business and employment opportunities,
- Avoiding high costs by reducing the need for new energy production capacity
- Ensuring financial saving as a result of the decrease in consumer electricity bills.

evüsp

ENERJİ VERİMLİ ÜRÜNLERİN PİYASA DÖNÜŞÜMÜ PROJESİ

Market Transformation of Energy Efficient Appliances in Turkey Project



Republic of Turkey
Ministry of Science, Industry and Technology

REPUBLIC OF TURKEY
MINISTRY OF ENERGY AND NATURAL RESOURCES



TÜRK BESD

arçelik



Turkish White Goods Manufacturers

Resource Utilization and Environment Protection Objectives

- Reducing the water usage in at least 3 factories by 5% in 2011,
- Developing water recycling projects in at least 2 factories by 2011,
- Reducing the total energy consumption by 5% in 2011 and reducing the GHG emissions,
- Running an enameling recovery project in 1 plant in 2011,
- Establishing an Arçelik A.Ş. Memorial Forest by planting 4,500 saplings,
- Reducing light pollution by improving exterior lightning in 1 pilot plant in 2011,
- Developing a social project concerning environment in 1 plant by 2011,
- Reducing the waste amount by 5% as of 2012,
- Realizing a plastic waste recovery project in 1 pilot plant by 2012,
- Setting a system to collect, recover and measure rain water in 1 pilot plant as of 2012,
- Realizing public awareness raising studies with the "Market Transformation of Energy Efficient Products" till the end of 2014.



We cultivate innovation leaders

The basic characteristic of Arçelik A.Ş. is to be innovative. To accomplish this, Arçelik A.Ş.'s human resource is composed of creative, hard working and motivated innovation leaders. Regardless of the assigned positions, we impose the passion of innovation and provide equal opportunities enabling every Arçelik A.Ş. employee to improve their creativity and talents. This is how we provide fast and innovative solutions to the changing work conditions and market expectations.

Arçelik A.Ş. is a global organization which has production plants in 4 countries, carries out marketing activities in 19 countries, brings its products together with consumers in more than 100 countries with its 18.053 employees worldwide. We believe that driving individual and cultural differences and swaying common mind composing of wide range of talents to realistic and accurate targets - by creating a multiplier effect- make us more powerful. To ensure the sustainability of this effect, we offer an equal, fair, safe, and peaceful working environment which respects human dignity with opportunities to develop our employees' occupational skills and abilities. Our fundamental expectation from our employees is to lead innovation in line with Arçelik A.Ş.'s sustainable growth target areas in cooperation and solidarity.



A Decent Place to Work

Sustainability of our business depends on incorporating qualified and experienced professionals carrying Arçelik A.Ş. to future. To accomplish this, as Arçelik A.Ş., one of our major responsibilities is to create a working environment that enables our employees to work productively. With this understanding we offer a working environment which is constantly developing and respectful to basic human rights. To secure our system's continuity we embrace and employ some ethical rules and values. Our Ethical Code of Conduct is based on our founder Vehbi Koç's principles. Those principles are;

- Our customers are the focus of everything we do,
- To be "the best" is our ultimate goal,
- Our most important asset is our people,
- Creation of wealth for continuous development is our key objective,
- We aspire to strengthen the Turkish economy from which we derive our own strength,
- Honesty, integrity, and superior business ethics are the foundations of our business conduct.

In order to evaluate nonconformity better, Ethical Conduct Board has been established within our organization. The Ethical Conduct Board is composed of

General Manager, Assistant General Manager of relevant topic, Human Resources Director and Legal Advisor. In 2010, there have been no complaints received by Ethical Conduct Committee.

Having pioneer practices in all fields as well as working conditions, Arçelik A.Ş. is among the first signatories of Corporate Social Responsibility Ethical Charter established by European Committee of Domestic Equipment Manufacturers (CECED).

Every Arçelik A.Ş. employee is considered equal in terms of ethnicity, race, language, religion, age, gender, nationality, physical disability without any discrimination. With this approach our employment policy rests on those basic principles:

- Right person for the right job,
- Equal pay for equal work,
- Merit based on achievement,
- Equal opportunity for everyone

Our company subscribes to comply with all laws and regulations about equal rights and non-discrimination, maintains non-discriminatory working environment and ensures "prevention of child labor, compulsory labor and forced labor" with labor legislation and policies constructed within this framework.

In case of collective or individual redundancies, or changes in assigned duty, labor legislation of the focal country and the provisions of the collective agreements on notice periods are applied.

You can access our Code of Conduct from;

<http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20De%C4%99Ferler%20%C4%B0ngilizce.pdf>

Thanks to its international companies such as Beko Deutschland and Elektra Bregenz, Arçelik A.Ş. is a member of Business Social Compliance Initiative (BSCI). By taking part in this initiative, we accept that all our production facilities are subject to be audited in terms of applications on the fields of regulatory compliance, freedom of association and collective bargaining, prevention of discrimination, remuneration, working hours, occupational health and safety, environment and environmental safety, management systems and other relevant social responsibility principles.



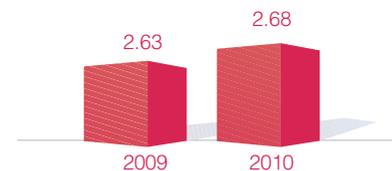
Freedom of Association and Collective Bargaining

Arçelik A.Ş. respects the rights of employees to be organized and unionized. In this context, special attention is paid to relations with employees and their affiliated unions. Cooperating with employees for continuity of comfortable, peaceful and productive working environment is important for our company. For this reason, we fulfill the requirements of legislations and collective agreements. In addition to our legal obligations, social benefits such as better working conditions, occupational health and safety, birth, marriage and educational support are included in collective agreements and they are meticulously implemented. In addition, local and cultural significances are considered in all the geographies we operate. Arçelik A.Ş. is a member of the Turkish Metal Industrialist Union (MESS) for employers; Blue-collar employees are members of Union of Metal Workers of Turkey (TURKMETAL). A Collective Bargaining Agreement covering September 01, 2010-August 31, 2012 period was signed in November 2010 between MESS and Turkish Union of Metal Workers.

Employee Participation in Management

To be a decent place to work is possible through listening employees' ideas, getting their feedbacks and putting these suggestions into practice. As Arçelik A.Ş., in order to ensure participation of our employees to working life, we create opportunities for them to communicate their suggestions and feedbacks to the management. Each year, with "Work Environment Assessment Survey" carried out regularly, results of employee feedbacks are measured by different indicators in the fields of commitment to the organization, satisfaction level, embracing work and company, working environment. Results are shared with employees via company-wide meetings. With the participation of our employees, workshops are carried out on the priority areas of improvement, and the suggestions for improvement and action plans are collected. At the end of this period, action plan takes its final form and put into practice.

Through suggestion systems, actively used by our employees, increase in participation in and embracement of our company is aimed. Employees put their ideas forward concerning how to improve direct or indirect issues related to the current condition of organization through suggestion system. Owners of suggestions which are put into practice are rewarded in the meetings attended by the management.



A need for improvement is spotted after the evaluation of result of "Personal Development" criteria in Work Environment Assessment Survey in 2009. In this direction, Arçelik A.Ş. Development Project is started; positive results of, which have started to be seen as of 2010. We foresee better results for the forthcoming periods.

Percentage of Employees Covered by Collective Bargaining Agreements

Collective Bargaining Agreement	Total Employees	Number of Employees Covered by Collective Bargaining Agreements	Percentage of Employees %
Turkey	13,735	12,030	88%
Overseas	4,318	2,110	48%



In 2010, a total number of 5.982 were suggestions provided by employees. Attempts for improving prevalence of suggestion system within the organization are in progress.

Communication and Sharing Meetings are held to ensure the support given by employees to reach main business targets and process functionality in various levels between the management and employees. Main intention of these meetings is to inform employees on a regular basis and to encourage them to provide feedbacks.

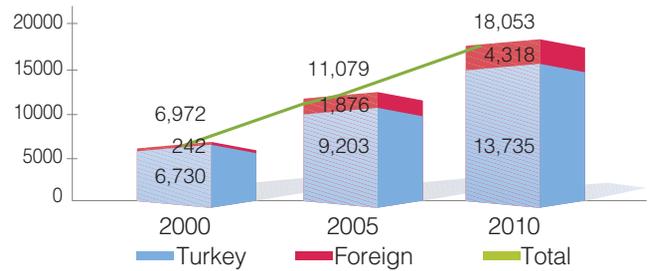
We believe in the importance of informing our employees with different in-house communication channels to have them participate in the management more actively. With this understanding, we regularly inform our employees through different communication channels such as newsletters, announcements, information bulletins, intranet and e-mails. Additionally, we inform our employees with a monthly online communications magazine called "AydaBir" about all recent developments within Arçelik A.Ş.

Talent Magnet

As Arçelik A.Ş. we succeed "the firsts" and "the latest" with our skilled workforce. Our employees are our utmost power that enables us to reach more successful levels. In line with this understanding, we act upon to our goal of becoming a center of attraction for the most talented and experienced professionals. Accomplishing this goal and in line with our vision "Respects the Globe, Respected Globally", we manage our human resources processes systematically and parallel to our company strategies.

To access our human resources policy in detail please visit: <http://www.arcelikas.com/page/13/HR>.

By recruiting new talents to our company structure, we become more active and successful actor in the global market. As of year 2010, considering the last 10 years, number of our employees has increased by 3 times. This situation indicates that our target of "becoming center of attraction for talents" appears to be maintained with determination.



Number of Employees by Contract Type

	Permanent	%	Temporary	%	Total
Arçelik A.Ş. Turkey					
2009	11,804	96.2	460	3.8	12,264
2010	12,910	94	825	6	13,735

Number of Employees by Employment Category

	White Collar	%	Blue Collar	%	Total
Arçelik A.Ş. Turkey					
2009	1,859	15.2	10,405	84.8	12,264
2010	2,001	14.6	11,734	85.4	13,735
Overseas					
2009	1,055	26.1	2,988	73.9	4,043
2010	1,051	24.3	3,267	75.7	4,318



Employee Distribution by Gender

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

Employee Turnover by Gender

Arçelik A.Ş. Turkey	Male	Number of Leaves	%	Female	Number of Leaves	%	Total Number of Leaves	Total Number of Employees	Total
2010	10,713	1,177	11	3,022	141	4.7	1,318	13,735	9.6

Employee Turnover by Age Category

Arçelik A.Ş. Turkey	<30	%	<30-50>	%	>50	%	Total	%
2010	371	28	909	69	38	2.9	1,318	100

In Arçelik A.Ş., different methods of recruitment are used for employing right candidates, increasing the number of potential candidates and evaluating those candidates with objective methods. Due to our international operations, competencies such as flexibility, management of differences and continuous learning are set to be critical. Special attention is paid to acquire talents who are compatible with our company culture and values. In recruitment process, we provide equal opportunities to those who have the necessary qualifications required for the position.

All the employees in Arçelik A.Ş. and subsidiaries, during their employment, are remunerated above the local minimum wage. In terms of remuneration, there is no difference between male and female employees. Salaries are differentiated according to the framework of job done and responsibility taken. To be informed about compensation and benefits provided to our employees please visit: <http://www.arcelikas.com/page/197/Compensation%20and%20Benefits>

To develop the power that we receive from our employees throughout their employment, we use integrated human resources system and tools, encourage creative and innovative working environment, give special attention to career planning and build-up applications to have them develop themselves on regular basis.

Performance Management

Being a global organization, we aim to create a global working culture by developing capabilities of our employees starting from recruitment in each country we operate. Therefore, following our employees' performance closely has a great importance. To manage and develop our human resources in an effective way, we employ methods such as deployment of target, performance management, competency and potential evaluation.



Corporate targets and strategies are transmitted from upper levels of the organization to department and then to individuals through target deployment process. In this process balanced and integrated transmission of corporate targets to employees is aimed. Thus, common goal sharing and evaluation of work outcome with appropriate indicators is provided.

We pay utmost importance that our targets are measurable, achievable and realistic, result oriented, activity based, and timely, specific and integrated and great importance given to cause development and growth, and include steps to reach conclusions.

Performance evaluation process covers all our white collar and blue collar employees in Turkey and some of our overseas organizations. Dissemination work is still carried out in remaining organizations. Throughout the year, evaluations carried out between employees and managers for determining process and procedures to develop performance. At year-ends; compliance and deviations from targets, development activities within the employee development plan and their benefits, strengths, and directions for improvement are evaluated. In addition, future plans and expectations are shared through mutual consultation between managers and employees. At the next stage feedback is provided to managers by measuring efficiency of performance discussions.

Development Management

Arçelik A.Ş. Development Policy Training and improvement system process is developed in order to establish professional teams and ensure their sustainability. In line with our corporate vision, our main objective is to develop our employees in their present roles and make them ready for their possible future roles with an understanding of continuous development. Within this scope, our main objectives are to merge the knowledge and experience of all our employees, to ensure their sharing out, to use this common mind set and intellectual capital in creating a “shared development synergy” which will accelerate our corporate development.

From the date of recruitment, our employees participate in training programs designed with regards to their professional and personal development needs, in different levels with different contents such as orientation, personal and occupational development, technique and operation, sales and marketing, leadership, management and foreign language.

Total Training Hours

Blue Collar	247,849
White Collar	48,336
Total	296,185

In 2010, a significant increase has been achieved in the realized total training hours in contrast to the previous year. White collar employees were provided with 24 hours per person trainings while the number for blue collar employees was 21 hours per person.

The training needs analysis for our employees in the production area is held annually with regard to the necessities of the stations they take charge in and their job description. This analysis covers the technical and occupational trainings which our employees need to participate in line with their possible future assignments and improving their miscellaneous skills. The trainings are supported with training documents and “one point” lessons. With the internal coaching practice, the spread and persistence of the trainings are ensured.

All the activities and processes of training and development are examined regarding their effectiveness, alignment with human resource strategies, and employee and department development priorities. In line with these examinations and subsequent data, development and improvement areas for the next business period are determined.

Employees are included in development programs prepared for different levels and different contents to get them ready for future positions they will be assigned to within the global organizational structure.

- *Leadership and Business Trainings; to prepare and support potential employees for a managerial position.*
- *Leader and Strategy / People Trainings; to support development of potential managers for senior management positions.*
- *Management Continuous Development Programs; A long term program to facilitate newly assigned managers' quick adaptation to their new roles and support their development.*
- *Functional Leadership Development Programs; Specifically to address different functions/processes. (For example: Finance, Marketing, Human Resources, etc.)*

In addition, we are currently working on 'International Management Program' to be kicked off next year to support candidates for international assignments. Program aims to build a holistic outlook, maintaining corporate standards internationally to ensure efficiency, capability to manage differences and initiate cooperation among key institutions, ability to represent the company.

From Campus to Career

In addition to incorporating the most talented and experienced professionals, we also contribute to the upbringing of the professionals of the future. We support high school and university students to help them improve themselves. This way, we aim to determine our potential human resource pool in the future.

University - Industry Collaboration

As Arçelik A.Ş., we give importance to carrying out projects that will create mutual added-value to our company, university students and universities. In the light of this understanding, with bilateral protocols, we actualize University-Industry collaborations. As a result of these initiatives, students reinforce the theoretical knowledge they receive at the university with business applications.

Together with technical fields like research and development, engineering, production, information technologies, University-Industry collaborations encompass social areas such as sales, marketing, human resources, and finance. The work done in these fields usually take place around 3rd and 4th year undergraduate students' class and graduation projects and the dissertations of masters and PhD students.

Collaboration with CEMS

In cooperation with the Management Institute of Koç University, Arçelik A.Ş. became the first company from Turkey to attend the International Schools of Management and International Managements (CEMS) which is a worldwide strategic network. By meeting international corporations' demands, CEMS aims to raise the managers of the future with the support of universities and the business world. With this cooperation, Arçelik A.Ş. will contribute highly to the upbringing of the global managers of the future.

Internships

Our contribution to the raising of the professionals of the future is not limited with the universities. As a result of this vision, we propose internship opportunities to high school students as well. For more information on the internship opportunities our company provides, visit: <http://www.arcelikas.com/page/199/Internships>

We continue on making a difference in employment by carrying out corporate social responsibility projects aiming to increase talented human resource. With the awareness of the fact that "companies' most valuable capital is human resources", and with our employment focused corporate social responsibility projects, we support employment and we contribute to our sector's future by increasing the number of young talents who will be employed in the future.

Arçelik A.Ş. Electric Household Appliances, Technical Teaching Program

With the program that we plan to realize in 2011, we aim to raise a qualified human resource that is aware of the developments and technologies in the electric household appliances sector, and facilitate vocational high school students' employment. Within the MLMM project, the common program we have established with the Ministry of Education General Directorate of Men's Technical Education aims to make students eligible for being technicians of electric household appliances by giving them training in Arçelik A.Ş. Laboratories that will be set in accord with the new technologies in the electric household appliances' technical service branch.

For this project, which will be run for 4 years, a curriculum will be created with collaboration of Ministry of Education. Arçelik A.Ş. laboratories that have the latest technology for electric household appliances will be set up. The prepared educational material will be distributed to schools and program trainers will be taught by Arçelik A.Ş. With the realization of this project, it is our aim to sustain some of the technical service personnel from these schools to fulfill the demands of authorized services. Until now, 4 schools - three of which are in Istanbul (Kartal, Beykoz, Zeytinburnu) and one of them in Diyarbakir - have been elected for this project. With the implementation of this project, students will be provided with internship opportunities at authorized Arçelik A.Ş. services, while those who wish to work for the authorized Arçelik A.Ş. services or for Arçelik A.Ş. will be subjected to a test and the successful ones will be given an opportunity to receive a certificate.

Turkish Public Employee Agency (İŞKUR) Vocational Education Program

Vocational education program is another project we run under training and development section, with the cooperation of Turkish Public Employee Agency (İŞKUR), and since 2009. As an outcome of the agreement with İŞKUR, trainings are provided in the needed expertise areas such as electric household appliances, air-conditioning montage, cooling systems, TV and audio systems. 60% of all participants in these trainings which last 4.5 months and are given by the trainers of Arçelik A.Ş. , do actually start working in our authorized services and plants.

Safety First

Occupational Health and Safety

Providing a healthy and safe working environment to our employees, the most important factor in the success we achieved, is one of our top priorities. In this regard, our Occupational Health and Safety Management System is structured to be open for continuous improvement. We ensure the integrity between legal and business processes by systematically managing OHS together with Quality and Environmental Management Systems.

Arçelik A.Ş. always guides its employees on health and occupational safety, and encourages them to communicate among themselves and with their managers on the related topics. Thanks to this partnership, we ensure the health and safety of both our employees and people who can be affected by our activities. Our stakeholders can reach more detailed information on our occupational health and safety policy at our corporate website: http://www.arcelikas.com/page/270/Occupational_Health_and_Safety_Policy

Arçelik A.Ş. adopts the objective of “zero work accident and zero occupational disease” with regard to occupational health and safety. To achieve this objective Arçelik A.Ş. pursues studies to encourage the employee participation from every level and ensure the necessary resources.

In line with our Occupational Health and Safety Policy, the related topics are included in the department and employee performance objectives determined by our Performance System. In addition to the indicators followed by the Performance System, accident frequency rate, accident gravity rate, training hours and lost working days are followed within the scope of Occupational Health and Safety Policy. As a result of the conducted practices we have realized significant improvements.



ARÇELİK A.Ş. OCCUPATIONAL HEALTH AND SAFETY

Arçelik and its employees comply with all applicable national and international occupational health and safety laws and regulations and create a safe and healthy working environment in line with occupational health and safety management system based on continuous improvement. We perform our activities to:

- Analyze and decrease the occupational health and safety risks arising in the working environment,
- Conduct training activities in order to develop and increase the awareness in occupational health and safety issues,
- Take measures to achieve a zero work accident rate and a zero occupational disease rate and increase productivity,

accompanying the Quality and Environmental Management Systems and we strive to set a model in durable goods sector with regard to occupational health and safety efforts.



The occupational health and safety indicators gathered from 8 production plants in Turkey for 2009 and 2010 are as follows:

Health and Safety Indicators	2009	2010	2009 / 2010 Improvement Rate
Accident Frequency Rate (F)*	10.49	8.41	20%
Accident Gravity Rate (G)**	0.113	0.085	25%

*Accident Frequency Rate: $F = (\text{Total Number of Accidents} / \text{Total Working Hours}) * 1,000,000$

**Accident Gravity Rate: $G = (\text{Total Number of Lost Days due to Accidents} / \text{Total Working Hours}) * 1,000$

In 2010, all of our occupational health and safety indicators were improved compared to the previous reporting year. Accident frequency rate which is an indicator of total number of accidents has decreased by 20%. Accident gravity rate which is an indicator of number of lost days has decreased by 25%. In addition to these, the improvement in reduction of accidents has caused a decrease in lost days and provided increase in productivity. No occupational disease or fatal work accident has occurred during the reporting period.

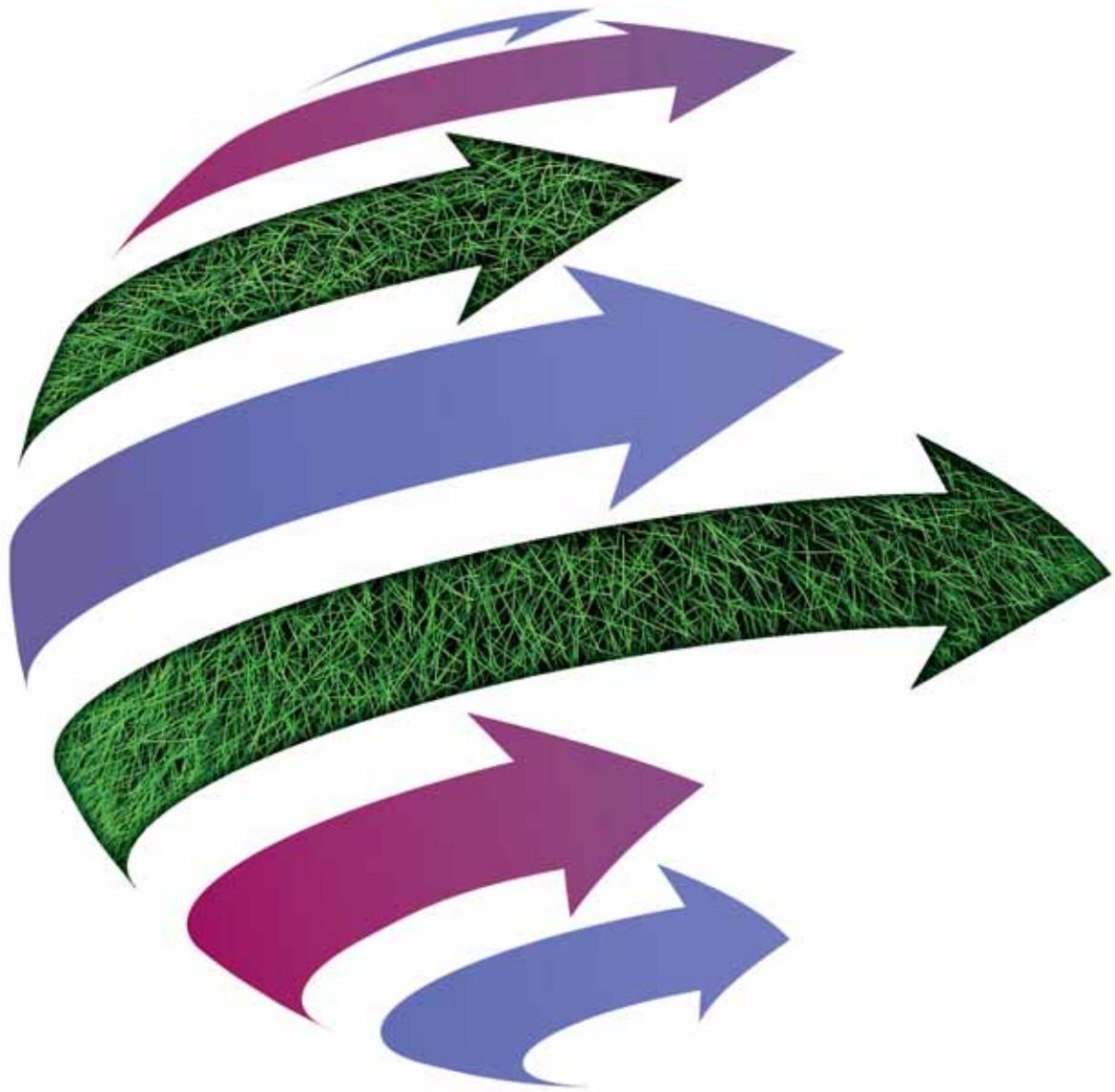
Our Occupational Health and Safety policies and practices have been disseminating to the countries where we run production plants (Romania, China and Russia) and in these countries we have started audits with the same systematic employed in Turkey. Accident frequency rate and accident severity rate indicators are planned to be followed as of 2011.

As Arçelik A.Ş., we enhance our objective to develop continuous improvement in Occupational Health and Safety topics with the trainings we provide. In 2010, we have provided 45,183 man*hour training throughout Arçelik A.Ş. Moreover, in the same period and in line with the regulations concerning Heavy and Dangerous Work, the trainings of 4,061 personnel has been completed. Within the scope of vocational trainings which numbered 74,012 man*hour, 21,340 man*hour occupational health and safety training was provided. Hence, 66,523 man*hour of total occupational health and safety training was provided as of 2010.

In addition to the trainings provided to our employees, we have been realizing health and safety programs prepared for our employees and their families. The programs which were carried out for the last few years included practices such as seminars on the impact of noise to human health, ergonomics, flu and hygiene, women health, child development support program for fathers, distribution of quit-smoking leaflets, flu vaccine for employees and their families, Hepatitis B control and vaccine, tetanus vaccine, and health and safety notices.

Within Arçelik A.Ş. there are ten Occupational Health and Safety Committees to evaluate the employee health and occupational safety programs and provide suggestions. In these active committees the total number of members is 180 whilst there are 18 employee representatives taking charge.

Security personnel play a major role in ensuring the physical security of our workplace. All of our security personnel are provided with trainings on related law articles, company policies and procedures, customer satisfaction and stress management, effective communication and welcoming guests, and emergency situations. The working activity of the security personnel is recorded. Moreover, with regards to the related regulations, the security personnel are expected to go through training programs and to renew their certificates in every five year period.



Sustainable supply is crucial for us

We place the world to the center of our sustainable growth objective. Our goal is to enable our consumers to reach Arçelik A.Ş. products worldwide with our sustainable operational structure. For this reason, we adopt product life cycle understanding in our business; from the supply of raw material to the products and services offered to the consumers, we manage the social, economic and environmental impacts of our operations in all stages with great care. In this understanding, our suppliers who constitute the first stage of the product life cycle, holds a significant role.

Continuous supply of high quality raw material is crucial for our business continuity because creating an efficient value chain through the whole product life cycle, necessitates a qualified supply portfolio. Besides having high quality of product and services that our suppliers offer us, the basic qualification expected from our suppliers is to see the social, environmental and ethical issues from the same framework that we have during our operations. For our product life cycle management to be sustainable, we expect our suppliers to integrate these principles into their operations.



Being a Supplier for Arçelik

In light of the vision of “Respects the Globe, Respected Globally,” Arçelik A.Ş. adopts supply chain policies that will ensure sustainable growth. In order to enable Efficient Supply Chain Management, basic business process integration is ensured in the flow of materials and goods. Arçelik A.Ş., also, makes sure the products -pursuant to environmental and quality terms- demanded by the customers are delivered to them at the right moment, in the right place, with the right price and at the lowest possible cost. The purchasing operations comprise the direct purchase, indirect purchase, service and investment goods for all the production facilities of white goods and electronics in Turkey and abroad. Purchase of logistic service and product purchase is run separately.

Arçelik A.Ş. has an International Purchase Organization with headquarter in Turkey. In order to run the supply management processes more efficiently in our operational areas and regions where our suppliers are high in number, we have local purchase functions in our overseas business units and purchase offices in Europe and Far East. In parallel with our growth strategies, our foreign purchase offices will grow and develop in line with requirements.

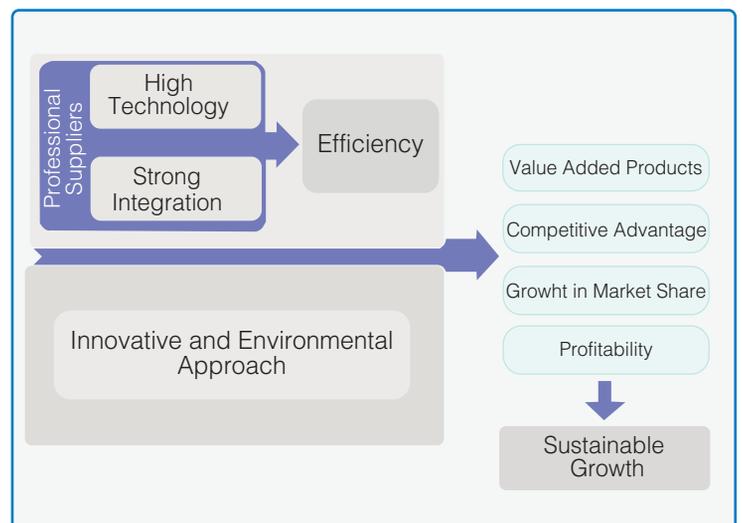
Within the whole purchasing capacity that is realized with 2,200 suppliers in all supply groups, “Direct Material” supply comprising raw material needed for the production of white goods and electronics and the purchase of material components constitutes the biggest share in purchase capacity, as 71%.



With the aim of increasing the efficiency of supply operations, we have started a restructuring process in 2010. In this direction, the below targets will be reached;

- Broadening the scope of central supply operations,
- Increase in the efficiency in supply management processes with organizational changes in categorical basis,
- Implementation of supply strategies in accord with the company's main business targets and increase in efficiency of business processes and resource use.

The stakeholder relation and the common objectives between Arçelik A.Ş. and its suppliers in sustainable growth can be defined as; producing innovative and environmentally friendly products by using high technology, by making efficient use of resources together with the qualified suppliers and reaching a competitive advantage that brings profitableness and increase in the market share through the added-value of these products is our main strategy. Sharing these gains fairly through powerful integration and collaboration will enable mutual sustainable growth.





The supplier candidates of Arçelik A.Ş. go through a multi-stage "Supplier Commissioning/Evaluation" while Arçelik A.Ş. enriches the supplier portfolio in accord with supply process targets and strategies. We expect all our suppliers to comply with three global requirements comprise of quality management system, environmental management system and business ethics rules besides meeting the technical and organizational requirements in line with the expected quality of the material supplied. In this process, pre-assessment of the suppliers on is done. Criteria such as their ability to produce the demanded material/ component, technical proficiency and financial infrastructure. In the next step, a detailed evaluation process starts for suppliers that are found eligible. For that purpose, detailed information on quality systems, environmental and business ethics implementations is compiled. Information received from the suppliers is confidential business information; thus the confidentiality of this data is highly important.

If necessary, our suppliers go through audits with a risk-based approach in order to evaluate whether they meet the requirements considering the quality and the criticality of the material supplied. The suppliers who are evaluated positively at the end of this audit start working with Arçelik A.Ş. The suppliers who are found suitable but who have still need improvement are considered under surveillance and improvement is expected.

In 2010, we have started a project that will enable our suppliers to report their corporate and financial information as well as to define their management systems as self-evaluation. With this project, evaluation and approval process will be run on the portal and will be recorded. The Supplier Portal is established to provide a basic, fast and efficient communication between the suppliers and Arçelik A.Ş. In line with the project, supplier recruitment process will run through the Arçelik A.Ş. Supplier Portal by the first quarter of 2011. Improvement in both environmental and business process will be reached with this project.

By improving the communication between the Arçelik A.Ş. Production facilities and Purchasing Directorate, efficiency in business process will increase. Besides, since all the forms and documents that are used for procedures such as the recruitment of suppliers, data updating or decommissioning will be eliminated, use of paper will decrease significantly.

Our suppliers are informed about the requirements on quality, environment, occupational health and safety and business ethics via Supplier Portal, e-mail, procedure and conditions of contract and these issues are assured by contracts.

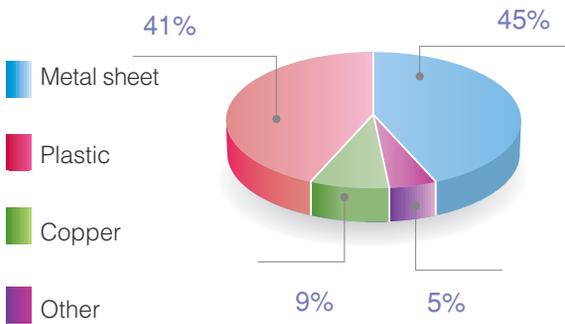


Distribution of Direct Material Supply

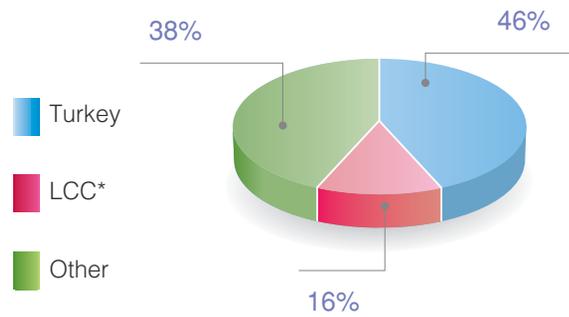
In 2010, Arçelik A.Ş., has procured direct material that is worth 1.6 billion Euro. 28% of these procurement is raw material supply. Metal sheet raw and plastic material supply constitutes the largest part of this procurement.

Direct material procurement from “Low Cost Countries” is 15.7% in 2010. Moreover, in order to create a competitive advantage, within our cost-cutting projects, improvement in material costs is realized with the help of production facilities and international procurement organization.

Distribution of Purchasing of Raw Material



Direct Material Procurement from Low Cost Countries

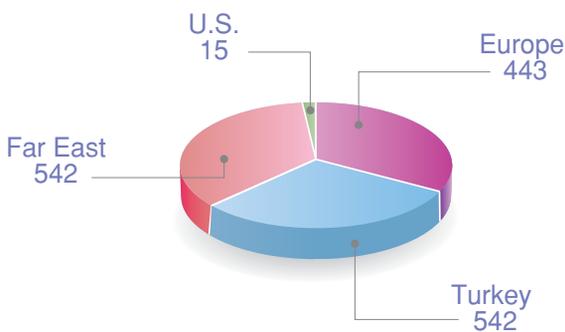


*LCC: Low-cost country

Direct Material Suppliers at Regional Basis

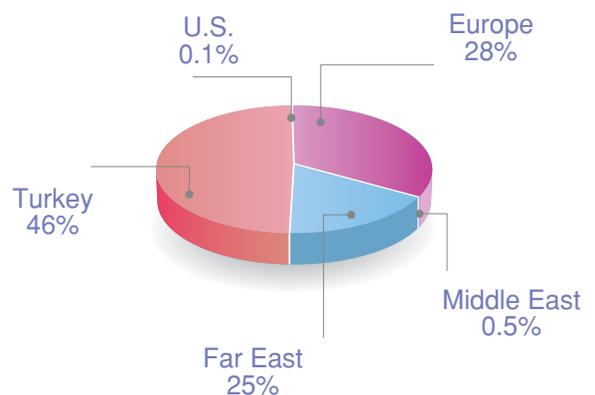
Region	Number of Suppliers (2010)	Percentage in the Total Supply (2010)
Turkey	542	46%
Europe	443	28%
Far East	333	25%
U.S.	15	0.1%
Middle East	5	0.5%
Total	1.338	100

Regional Distribution - Number of Suppliers



Total Supplier Number: 1.338

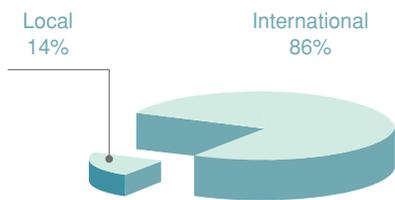
Regional Distribution - Purchasing Capacity (%)



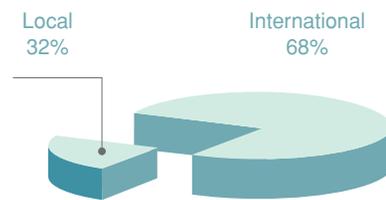


Increasing the local supplies in the regions where our production facilities are, is another procurement strategy. In 2008, the local procurement realized by Beko LLC production facilities in Russia was 27%, whereas in 2010, this ratio increased to 32%. Increasing the local procurements in supply operations is a long-run target that requires continuity.

S.C Arctic S.A. - Romania



Beko LLC - Russia

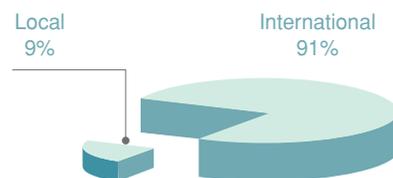


The local and international procurement ratio of the production facilities for white products and electronics in Turkey.

Arçelik - White Goods



Arçelik - Electronics



In order to contribute to the local economies where our production facilities operate, we realize our procurement from local sources.

We Care About Our Suppliers

We aim at improving our Supply Chain management system in cooperation with our suppliers. Besides the Supplier Portal, regular meetings, visits and audits are the methods we use to develop our communication with our suppliers. We share our targets, results from the previous years, our policies and strategies together with our expectations on environmental issues and business ethics with our suppliers. Moreover, besides these issues, we inform our suppliers on environmental regulation, REACH, RoHS, PAH and WEEE directives and regulations via the portal and e-mail. We regularly evaluate our suppliers' performances on finance, quality, logistics, collaboration and environment and determine the domains open for improvement.

Quality

Our suppliers are required to form a Quality Management System, record the data, ensure the continuity of this system and improve it. We expect our suppliers to plan their operations in ways which will minimize volatility, we expect them to control and improve their operations. In order to acquire information on whether our suppliers meet these expectations, we examine the internal and external audit results, targets determined for critical assessment monitoring processes on product quality, performance results and examination records, customer quality rewards, customer feedback records (customer return rates, customer complaints and etc.), product standardization documents (TSE, BEAB, VDE, DIN, etc.), ISO 9001, ISO/TS 16949, ISO 14001, OHSAS 18001, ISO/IEC 17025, etc.

We expect our suppliers to have precise measuring/testing devices to test the process from the supply of raw materials and materials to the shipping, to make measurements in accord with quality plans and to record them, to send the quality documents that guarantee product qualification together with the products themselves. These materials and quality documents are examined in the production facilities and they go through measurements, function and safety tests in our high technology laboratories with modern devices by the professional quality personnel. After quality of the material is ensured, it is used for production. In our Center Calibration Laboratory which has ISO IEC 17025 standard and laboratory accreditation competence certificate, many of our measuring devices are calibrated.

Our suppliers should develop measurable quality targets that meet with the expectations of Arçelik A.Ş. which could be implemented in a given time period within our Quality Principle framework and they should conduct management evaluations. These evaluations should comprise the operation

results that aim to trace the general performance in the process. The quality performance results of our local suppliers are presented in the Supplier Portal on monthly basis.

Business Ethics

Arçelik A.Ş. is one of the first companies to sign the Corporate Social Responsibility Business Ethics Agreement (Code of Conduct) which is developed by the Committee of Domestic Equipment Manufacturers (CECED) which Arçelik A.Ş. is a member of. This Agreement ensures the compliance for issues on compulsory labor, child labor, harassment, wages and compensation, work hours, equality between employees (nondiscrimination), health and safety, freedom of association, freedom of collective bargaining, environmental legislations and standards within the framework of international agreements. Suppliers are required to comply with these issues. These obligations are specified in the portal for the suppliers. They are examined during the commissioning of the suppliers and ensured via the agreements made with the suppliers.

Environment

In order to protect the environment, we follow the necessary regulations regarding the whole life cycle of products from production to disposal. The collaboration of our suppliers with Arçelik A.Ş. is highly significant to act in line with this approach. In this framework, expectations regarding environmental issues are stated for the materials to be procured from the suppliers. In 2011 we will be working to transfer and extend our experiences gained through the energy efficiency projects realized in our production facilities in 2010 to our suppliers. We will also work with our suppliers to gradually realize similar efficiency projects.

We comply with the legal directives, regulations and rules like RoHS, WEEE, REACH and similar directives to ensure that the materials we procure are environmentally friendly and we expect our suppliers to act the same way. For 2011, we aim to collect data from our suppliers on compliance for environmental regulations and conditions including the REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals) regulation that compiles various regulations on chemicals under one roof and we also plan to inform them on these issues via the portal and e-mail. Moreover, we plan to give training to our suppliers on environmental issues.

Arçelik A.Ş. has been making the necessary tests in its accredited laboratories to ensure compliance with the RoHS (The Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment) which has been in operation in European Union countries since 2006. In order to guarantee that Arçelik A.Ş. complies with the “List of substances that are prohibited or limited for use”, our suppliers sign the “Substance Declaration on Environmental Adoption”. Moreover, we expect our suppliers to give their environmental compliance reports (RoHS, REACH, PAH etc.) regarding the risk categories of the substances.



A team has been formed to guarantee the compliance of products and materials with REACH, RoHS and similar directives. To produce environmentally friendly products, Arçelik A.Ş. REACH Team that is formed by the experts working in the coordination of the Energy and Environment Department. The Team,

- Keeps track of the particular legal conditions and conditions required by the customer,
- Makes technical and risk-based evaluations,
- Prepares and updates the list of Arçelik A.Ş.-Substances That Are Prohibited and with Limited Use,
- Prepares strategies, road-maps and business plans for green products that will meet the specific legal and customer conditions,
- Runs companywide programs and programs to inform, expand and train the suppliers,
- Coordinates the necessary operations realized by the relevant departments to procure the products and materials in accord with the list regarding the hazardous substances,
- Determines and works to have the necessary infrastructure and resources needed to run the operations fast and efficiently.

By using the Arçelik A.Ş. audit pool, supplier integrity audits are done to check whether the above requirements are met. Arçelik A.Ş. audit pool monitors and shares the findings and experiences regarding the critical non-compliance cases with work environment/work safety and environmental issues besides the process and Quality Management System. Arçelik A.Ş. has realized integrity audits for 160 suppliers in 2010. 84% of non-compliances were resolved through actions taken or track audits.

Collaboration With R&D

Producing environmentally friendly products which consume less natural resources is a priority for Arçelik A.Ş.; thus, we search for alternative materials. We support the suppliers' designing projects to have the needed material and components. Hence, we encourage the collaboration between our suppliers and R&D department.

In 2010, nanotechnology is started to be implemented on surface dressing. Hence, reduction in the amount of waste together with energy efficiency is realized. Besides, a specific painting implementation is started which results in reduction of chemical use.

In order to produce washing machines and dish washers which consume less energy and which work with lower sound level, we started using efficacious motors. Similarly, energy efficient compressors and fan motors are procured in order to reduce electricity consumption.





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

The raison d'être of Arçelik A.Ş. is to create added-value for its stakeholders. The basis of this added-value is constituted through our products. Thus, it is crucial in terms of corporate sustainability to offer innovative and high quality products and services to our costumers due to rapidly changing life conditions and expectations. Accordingly, being innovative is the essential principle of Arçelik A.Ş.. Our search for innovation has led us to be the patent champion, not only in our sector but also of Turkey.

Most of our products need energy, water and various consumable materials during their use. Considering the size of the consumer group we reach, we think that our major responsibility in combating the climate change is reducing the need for this resource consumption. Accordingly, core elements of our strategy for combating the climate change are reducing the environmental impacts of our products due to their material composition and during their use through R&D and informing our consumers to help them make responsible choices.

Thanks to our well-informed, effective and broad authorized dealer and authorized technical service network and to various information platforms, consumers can easily access to our products and any information they want to receive and get fast and continuous service in all the markets we operate.



Arçelik the Innovation Champion

Today, the key element that affects our sector and thus product portfolios is to make efficient use of natural resources and cause minimum environmental impact during the production, consumption and recycling phases of the products. We have anticipated the sectoral tendency towards development of energy efficient products long time ago and restructured our short and medium term plans accordingly. Therefore control of environmental impacts during the whole product lifecycle underpins our R&D studies.

We owe our current position both in Turkish and Global markets to our environmental friendly and innovative products that make life easier. We realize our product design, development and improvement studies considering expectations of our consumers who we embrace as our prior stakeholders.



In our sector, most of the CO₂e emission based environmental impacts emerged throughout the lifecycle of the products occur during the consumption phase. Thus, on one hand we reduce environmental impacts of the production processes on the other hand we work for developing the most environmental friendly products which our consumers can use without a second thought; hence we aim to provide them with the least electricity and water consuming, the least CO₂e emitting and the most silent products. In this vein, not only we follow global product trends and international standards, but also intend to become a global pioneer for our sector through our brand value and new technologies we developed.

We work for shifting “the innovation champion” position we earned as result of R&D studies that we carry with respect to the global vision we introduce, to the global scale. In 2010, we have allocated 12,300,630 TL for our R&D investment and expenditures to develop environment friendly products.

Arçelik A.Ş., holding 10% of the patents created in Turkey for the last five years, submits approximately 130 new patent applications every year. More than one third of the patent applications made from Turkey to WIPO were submitted by Arçelik A.Ş. The Company, standing in 95th place, is the only company operating in Turkey listed by WIPO in 2010 amongst top 100 patent applicant companies.

In 2010, as it was in the previous years, we have made 142 patent applications. Also in 2010, we have received various awards; Patent League Champion - The Company with the Highest Number of Patent Applications, Patent League Champion - the Company with the Highest Number of Patent Registration and Patent Gold Awards - Company with the Highest Number of International Patent Applications that are given by the Turkish Patent Institute in 2009.

Besides maintaining its incontestable leadership in intellectual property and patent applications in Turkey, Arçelik A.Ş. holds a worldwide position as an innovative and distinctive company thanks to the active role it took in European Union programs and projects, together with the cooperations built with universities. As of the reporting period, Arçelik A.Ş. has 5 ongoing European Union 7th Framework Program Projects and 4 EUREKA Projects respectively. After successfully completed 2 projects within previous Framework Programs, Arçelik A.Ş. has made 12 new program applications. For more detailed information on EUREKA and European Union 7th Framework Program you may visit following websites, www.fp7.org.r / www.eureka.org.tr/



In respect to our belief in collaboration with the universities and win-win approach in R&D works, we have contributed to the completion of 214 undergraduate, masters and PhD theses during the reporting period. By realizing exemplary practices of university-industry cooperation, on one hand we have supported education and created new opportunities for students through the financial assistance that we provided for academic researches, on the other hand, we have transformed our R&D studies and consequently, our business processes into a manner enabling the engagement with extended number of stakeholders.

Innovative Products

As a result of our management approach based on total quality philosophy and protection of natural resources, we aim to develop products that are not only complying with current standards but also with future standards.

We continuously work to improve our products to reduce their impacts on environment as well as human health. In order to protect natural resources, Arçelik A.Ş. runs pioneer projects to produce environment-friendly products to be used in the future and sets higher standards with its 800 employees in 7 R&D centers. As the result of these efforts, great majority of our products reached to the highest efficiency level.

Arçelik A.Ş. supports REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals) - ensuring the registration and control of the chemicals being used and the chemical safety during the transportation from producer to consuming industries; enabling necessary information flow and its accessibility for consumers - considering it as a major legal process regarding the protection of the environment and human health. Accordingly, Arçelik A.Ş. fulfills REACH regulation liabilities and conducts new improvement projects.

Arçelik A.Ş. meets the national and international obligations regarding the energy consumption of its products. Products manufactured by Arçelik A.Ş. are tested in Arçelik A.Ş. laboratories in compliance with energy labeling directives and energy class defining performance test standards of the countries where these products will be sold. Arçelik A.Ş. has started to manufacture products that meet with the directives of European Union Commission regarding the production of energy efficient electrical and electronic home appliances long before these directives were adopted in Turkey.

Energy consumption regarding refrigerator use dropped by 20% with the shift of A Class products to A+ while it dropped by 43% with A++ products. At the end of the year 2010, Arçelik A.Ş. has started complying with the energy labels regulation that is begun to be used in European Union countries. Consumers saved approximately 60% energy while using products in the A+++ Class defined with this regulation. Arçelik A.Ş. has once more become the pioneer in energy efficiency with its A+++ washing machines.

A+++

Through its vision anticipating efficient use of natural resources, consumer health and confort and innovation, as a result of environment friendly product development performance in 2010, Arçelik A.Ş. has continued to deliver products carrying the titles of "world's mosts and firsts". In this direction, in 2010, we have conducted projects for improving energy efficiency in refrigerator compressors, electrical motors, cooking appliances, TV and tumble dryers; thus we have increased the number of energy efficient products in the market.

Dishwasher

One of the latest examples of technologies we developed for reducing the consumption of natural resources to the minimum level, is the "New Ecologist", the "First A-30% Energy Class Dishwasher in the World", that we produced in 2010. "New Ecologist" is the "world's least water consuming dishwasher" with 6 liters of water use in Eko6L program. Thus, 39 tons of water is saved annually compared to the hand washing. Moreover, this product can wash 13 people's dish with 10 liters of water and with 30% less energy compared A energy class dishwashers with its Economy 50C⁰ Program.

"New Ecologist" is more efficient than A+++ class which is the highest energy class defined in new energy label regulation put into practice in European Union countries at the end of 2010. In addition, it provides A class washing performance in less than one hour with its 58 minutes fast program.



Three basins commercial dish washer machine, **Cafe BM Glass Dishwasher** is one of our products providing comfort to the consumers with its capacity to wash 90 water glasses or 100 tea glasses in 15 minutes. **Arçelik A.Ş.** has also delivered double drawer built-in dishwasher 92152 TACM to the market.

Washing Machine

8124 HST Economist Washing Machine, consuming 50% less energy than A class washing machines, is the "Least Energy Consuming Washing Machine in the World" with its 8 kg. capacity. It is more efficient than A+++ class which is the highest energy class defined in new energy label regulation put into practice in European Union countries at the end of 2010. Thanks to the Economist Washing Machine, **Arçelik A.Ş.** has been entitled for the first place in the Product Category of European Business Awards for the Environment Turkey Program.

Furthermore, in 2010 we have produced **2200 ACM Built-in Washing Machine** which provides 40% more washing capacity compared to standard built-in washing machines and offering A-20% energy level.

During the same period, we have produced "first washing machine in the world ensuring that the clothes are certainly dried" in cotton and silk program thanks to its electronic heat pump and unique drum movements. This product consumes only 2.25 kWh energy for 7 kg clothes providing 30% more efficiency compared to A energy class thanks to its heat pump technology. We have offered the **8128 H Autologic (Smart Wash)** which is the world's first washing machine with the automatic program that identifies the clothes. With the Smart Wash program, the type and quantity of the clothes are identified together with the degree of dirt. So this machine chooses the optimum program for the clothes without any need of consumer intervention.

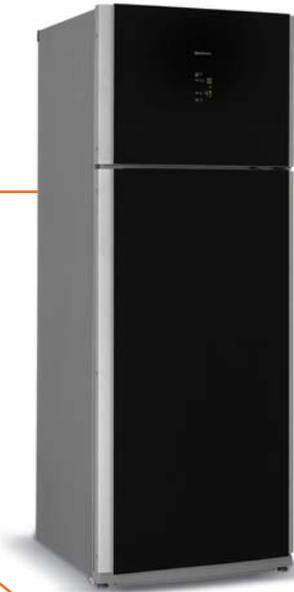


As a result of studies realized in 2010, water consumption of Mini LCD 7-8-9 kg. washing machines is reduced by 2 liters on average for standard cotton clothes. When taking 220 cycles of annual use as a base, this product provides 440 liters of water saving per household annually.

Refrigerator

The New Orbital A +++ Refrigerator is the “World's Least Energy Consuming first A +++ No-Frost Refrigerator” in the “Tropical” product category according to the new energy label regulation that has started to be used in Europe by the end of 2010. Besides, this product consumes 60% less electricity compared to the present A class No-Frost products with the same volume and 26 % less electricity compared to A ++ energy class. “A +++ Black Orbital” can work for 2,5 years with the energy spent by the A energy class refrigerators in a year. In this product, R600a is used as an environment friendly coolant gas. This New Black Orbital A +++ works with the “Active Dual Cooling” technology that keeps the food fresh for longer periods of time by reducing the loss in moisture. The product works with 40 dBA low sound level. With all these features, the New Black Orbital Refrigerator has 6 patents.

in 2010, we have offered the 84 cm **Combi No Frost Refrigerator** with 600 liters of interior volume, which consumes 20 % less energy compared to A energy class and A+ energy class **Combi Inox No-Frost Refrigerator** to the market. In the new No-Frost system, less heat oscillation occurs due to fan control in the cooler section. With the blue light technology, vegetables with green leaves can be stored fresh in the vegetable division and the shelf life can be extended. The antibacterial odor filtering system (Hygiene+) and ionizer technology help to prevent odor. The food can be stored in more hygienic conditions.



“Black Orbital”

Oven

Arçelik A.Ş. built-in ovens become prominent with their energy consumption and high performance. With Turbo cooking, first “World's Least Energy Consuming Built-in Oven” is offered to the consumers by consuming 0,690 kWh and thus saving 30% energy compared to A class. This user and environment friendly product necessitates less usage of abrasive cleaning material with its “Oleofobic Nano Coat” which is dirt-resistant. With this Oleofobic Nano Coat application, which is a first in the world, the front cover glass does not show dirt and can easily be cleaned.

Cooking technology has been developing with built-in ovens that have **Surf-Innovative** Oven Technology. With this technology, Surf (Surround Flow) homogeneous cooking is possible. The energy consumption and sound level are very low. “Oleofobic Coat” and “Anti-Finger Print” Nano technologic coat, the Steam Support Oven Technology, User-friendly Interface and Control Algorithms and Smart House Technology are the significant features. Arçelik A.Ş. has won the “Technology” award with the “Surf Innovative Oven Technology” project in the “Large Scale Product” category within the “Technology Awards” that is arranged for the 9th time in 2010 by TÜBİTAK (Turkish Scientific and Technical Researches Institution), TTGV (Turkish Technology Development Foundation) and TÜSİAD (Turkish Industrialists' and Businessmen's Association).



“Surf Oven”

As a result of the work done in 2010, the amount of copper used for all the two door conventional refrigerators has been reduced for 23 %.

Consumer Electronics

LED TV, Internet TV and three dimensional TV constituted the three main trends of 2010 in consumer electronics sector. With a thinner design, and providing richer color, contrast and definition control, LED TV consumes less energy in parallel to the development in display technologies.

Grundig Energy Star Television is “the first LCD TV to receive Energy Star approval in Europe. 32”, 40”, 46” and 55” LED TV, consuming 40% less energy than the same size LCD TVs, is produced with lead and mercury-free materials and with greener technology. These products received Eco Label approval due to the energy they save, minimum 2 years guarantee, product return, recycle and lack of containing hazardous material.

In 2010, Turkey's first 55” 200 Hz Full HD 3D LED television was produced. Edge LED, FHD + 200 Hz displays lively colors and clearer image quality with the latest panel technology. Digital broadcast can be paused and recorded thanks to the USB PVR option. With DVB-T+C, both terrestrial and cable digital broadcasts can be watched. 55” 200 Hz Full HD 3D LED television which has an aluminum design complemented with glass pillar has received “The Chicago Athenaeum Good Design” award.

The new LED TV portfolio was put on market with Grundig brand. Fine Arts LED TV and Vision 8 LED TV received Red Dot “Honorable Mention” and Plus X “Ease of Use” awards.

Beko LED TV which saves 40% more energy in contrast to standard LCD televisions is impressive thanks to its thin appearance. Its Full Motion Plus technology and 100 Hz/second scan speed is providing the best display to the consumers.

Integrated TV which can receive the cable and terrestrial broadcast without additional receiver device has been developed. These televisions which received approval from operators active in different countries make possible to watch high technology HD quality broadcast and record numerical broadcast via USB. The infrastructure work for Europe's new generation terrestrial broadcasting format DVB-T2 which aims to use the present band width more efficiently, has been carried out.

Arçelik A.Ş. has put into use the televisions supporting CI+ technology which ensures the protection of content rights and includes advanced encoding systems. DivX HD Plus televisions which can play HD quality videos without additional hardware were put on market. Arçelik A.Ş. is one of the first companies to receive DivX HD Plus approval in the world.

Air Condition

Beko 9500 Super Invertech Air Conditioner which was

produced in 2009 is world's most quiet air conditioner with 19 dBA sound level in the sleep mode and works with R 410A ecologist gas. It works 50% more efficient than the A class air conditioners.

In cooling mode, Beko 9500 Super Invertech Air Conditioner detects the humidity in its environment and instead of immediate cooling, it works as to keep the humidity rate at the comfort rate. Hence, it avoids the physical discomfort that might appear in the consumers due to sudden drop in humidity. Thanks to the anti-allergic filter inside which has particular enzymes and which is certificated by The British Allergy Foundation; the floating allergic substances in the air are deactivated as their protein structure is subverted.

Product Information

Providing our customers with accurate and reliable information about our products is as important as our products' quality. For each product, Arçelik A.Ş. shares the necessary information on product performance, usage information, safe use and guarantee terms and period conditions with its customers via product labels, brochures and booklets. This information is prepared according to the laws and regulations of countries where our products are produced and sold.

Energy Labeling

We inform our customers on the energy performance of our products via “Energy Label”. This energy label is prepared according to the standards, directives and regulations for each product category and it is given to the consumers on the products. With this label, information on the product type, size and sound level are also given besides the energy performance.

Before we provide any information regarding the quality conformance and energy consumption values of our products and services, we test the validity of these information at accredited laboratories of universities and research companies and receive approval from these institutions. We comply with the energy labeling requirements. At the end of 2010, energy labels of three of the products that are sold to European Union countries have been renewed. Moreover, energy labels are identified and determined for TVs for the first time. Arçelik A.Ş. has voluntarily started using these labels for many of the models although their usage will be mandatory after 2011. For the new energy labels, the top class has been determined as “A+++.” European Union is working for the renewal of other products' labeling. These works are closely followed by the European Committee of Domestic Equipment Manufacturers (CECED) which Arçelik A.Ş. is a member of.

Arçelik A.Ş. has taken a role in the ATLETE Project (Appliance Testing for Energy Label Evaluation) that tests the validity of energy efficiency labels of the products that is realized by the CECED together with the European Commission. Three different models of refrigerators of Beko, the an international brand of Arçelik A.Ş., completed all the tests with success.

With the product labels that provide information on product performance and usage, Arçelik A.Ş. also aims to create environmental awareness. In this direction, we aimed at increasing awareness on environment friendly TVs by using EU Eco Label or EuP energy label.

By taking active role in the Turkey's Advertisement Institution, we work for compliance with ethical standards and principle of providing customers with accurate and reliable information.

Distribution and Authorized Dealer Network

A flexible production and distribution optimization that meets the customer orders as soon as possible constitutes the basis of supply chain planning for Arçelik A.Ş. Creating a flexible Order-Production-Distribution infrastructure to meet the customer expectations and satisfaction regarding the rapid changing customer demands and orders is the principle of Arçelik A.Ş. In the scope of Customer Services, the process starting from the sale of the products by the authorized dealers to the setup for the customer is followed by the Central Distribution System. In order to have an efficient distribution network, we contribute to the self-improvement of the authorized dealers and create new solutions to reduce the environmental effects of distribution to the minimum.

Communication With the Authorized Dealers

In order to have an efficient system, it is highly important to be in constant communication with our authorized dealers. We work for giving better services to our customers with approximately 3,600 authorized dealers working all around Turkey. For this reason, we develop various training programs for our authorized dealers to improve their capacities and skills. Besides these trainings, we provide trainings via closed-circuit television channels "Arçelik TV" and "Beko TV" and the Internet.

With our authorized dealers, we share a broadcast on LCD TV's at the store expos through the internet. On the LCD TV's settled in the authorized dealer stores, specific product contents developed by Arçelik and relevant HD images are shared via a particular broadcasting system called the DS TV. DS TV has been broadcasting through internet for 24/7 since June 2008. Our dealers has been presenting different product group advertisements, commercials,

regional campaigns and HD contents to consumers in high quality through the DS TV. Moreover, thanks to the Interactive LCD TV, which is a significant part of the DS TV system, we help the consumers to recognize our products as they touch and move them on the screen, and support them to take the most appropriate decision as they are given the feeling of actual usage.

In 2010, we have realized a total of 171 training programs for Arçelik A.Ş. authorized dealers on product and sales techniques issues. A total of 3,303 authorized dealers from Arçelik and Beko participated in these programs.

Besides doing retail sales of commercial air-conditioning for end customer, Arçelik A.Ş. offers B2B marketing and services infrastructure for professional decision-makers. Arçelik Air-Conditioning Academy, besides marketing the VRS Multi-Ace System air-conditioning, gives theoretical and practical training to sales specialists, after sales and implementation personnel, and to business partners composed of authorized dealers and services.

We included the "Energy Management" module to the trainings given to our authorized dealers and services by Arçelik A.Ş. Air-Conditioning Academy. In this scope, we give training and authorization to our authorized dealers on energy management and etude-project.

We inform our authorized dealers in Authorized Dealer Meetings on Arçelik A.Ş.'s targets and receive their feedback. In addition to this, we develop our reciprocal communication with our authorized dealers by a communication and management platform named the "Help Program". Our authorized dealers visit our production facilities with the programs named "White Tours".

Besides organizing visits, meetings and trainings for our authorized dealers, we encourage them to take part in voluntary projects that are run by Arçelik A.Ş. and Koç Group. In order to increase the sales of our energy efficient products, we work together with our authorized dealers for running various socio-ecologic projects, advertisement and promotion attempts.

Communication Methods with our Authorized Dealers	Target Groups in 2010
Plant Visits	27 Arçelik Authorized Dealers 26 Beko Authorized Dealers
Training Classes	78 Education Class for Arçelik 32 Education Class for Beko 61 Shared Education Class for Beko and Arçelik
Sales Representative Trainings	2371 Authorized Dealers Personnel 2139 Arçelik Authorized Dealers Sales Rep. 1164 Beko Authorized Dealers Sales Rep.

Environmental Approaches for Product Distribution

We constantly monitor our delivery data to make sure that our products are delivered to the consumers on time and in full through our large authorized dealer network. Despite all the uncontrollable factors (strikes, adverse weather conditions etc.) this ratio which is an indicative of customer service level, rose to 92% in 2010. At the same time, consolidated stock amount decreased significantly, thus, we upgraded to the next level in flexible production optimization which is the first phase of Supply Chain Transformation Program.

With the commence of the second phase of the Supply Chain Transformation Program, demand planning operations will start in all markets; demand, top level capacity, production and supply planning will be realized in weekly periods and will be daily revised.

In order to provide the flexible production and distribution operation that makes fast delivery to the customer in an environment friendly manner, we aim to choose the supply locations and distribution and storage points with an "Environmentally Sensitive Network." By means of this approach, we choose the supplier locations and distribution warehouse points in a specific approach that will enable us to use the environment friendly shipment methods efficiently and to reduce the greenhouse gas emissions due to transportation.

In 2010, we started the "Consolidated Dealer Warehouse" practice in Adana and Antalya. This practice will also be realized in Ankara, Izmir and Konya in 2011. Efficient stock flow-up and professional stock management is made possible with this practice. In this way, product variety and availability increases, customer service levels and product damages are minimized.

By means of "Route and Load Optimization System", we use vehicles at the optimum level, so we reduce the significant air emissions due to transportation. We aimed at 10% improvement for 2011. Besides, we plan to change the LPG forklifts that are used in storages with electric forklifts. In this way, we plan to reduce the CO₂ emissions from 13,765 tons to 8,200 tons from 2010 to 2011. Along with these, we plan to use energy saving lighting in warehouses, so that we will use energy efficiently. In order to make sure that the vehicles cover the minimum distance with their maximum capacity; we have changed the inside-storage shipment and loading equipments. With the softwares and programmes that are started to being used in 2010, dynamic routing processes have been developed. Moreover, appropriate new vehicles are being contracted for road deliveries. With the help of loading optimization, we increase loading degree of the trucks which lead to a significant reduction in carbon emissions and the customer service level has risen.

In order to improve the emissions due to transportation, we prefer low emission vehicles in the scope of Authorized Services and Customer Services and renew the vehicles which are older than 5 years. Moreover, with the mobile hand-terminals used by the authorized services, work is distributed evenly for the technical personnel in the field. In this way, service quality improves and we ensure efficiency.

It is extremely important for Arçelik A.Ş. to realize the exports in environmentally-conscious way. In 2010, 72% of the export was realized by maritime transport, 26% was realized by road transport and 2% was realized by railways. In 2011, our target is to realize the 73% of our export by maritime transport, 24% by road transport and 3% by railways.

After the products arrive at the ports, we mostly prefer rail transportation and river transportation for distribution. If there is no alternative except the road transportation, we consider the size and fullness of the vehicles and try to reduce the number of vehicles used. We work to make the deliveries directly to the customers, so we reduce the unnecessary transportation and storage usage. In 2011, in Poland, we plan to make 35% of shipment by maritime transportation which was previously done by road transportation.

Moreover, by using container yards, we reduce the empty container movement. Having storages close to the ports is a project that we work on. In 2011, we plan to use the Antwerp warehouse and improve the level of service and transportation time. In order to increase the railroad transportation in 2011, projects are realized in Koç Holding. Also, in 2010, 77% of our imports were realized by maritime transport, 21% by road transport and 2% by railroad transport. We plan to increase the import of products to Mersin Port by 2% in 2011.

Moreover, we will make savings from packaging by the recyclable case management system and with the cases; number of expeditions of materials will drop by 1% in 2011.

After Sales

For Arçelik A.Ş., delivering efficient after sales services to the consumer is as important as delivering the high quality goods on time by a strong sales organization. In this direction, our customer satisfaction model shapes our policy that is developed around total quality principle.

With its authorized dealers and services, Arçelik A.Ş. has the biggest service network in the durable consumer goods sector. Consumer Services that is under the Arçelik Consumer Services Directorate has given services with approximately 576 authorized services under the 10 district managements in Turkey, with 5,277 vehicle parks and 10,833 workers, 5,414 of whom are technical service workers. Technical workers under Consumer Services are given training and certificates by the Technical Services and Education Management. Since, 2007, we give training to our technicians on our products through the Service TV channel. Besides the trainings, we give interactive tests and surveys via the Service TV.

It is highly important for Arçelik A.Ş. to give appointment to the consumer at convenient time and to respect this appointment, to make a perfect arrangement for the technicians and the product to arrive at the same time, to finish the technical service hole in one, to take enough time off for the service, to work with the suitable workers for the job and to finish the job in a short period of time, at one time and with relevant cost and to satisfy the customer. In this direction, a performance system has been developed to check if the services work and this system has started to be implemented. In order to increase the consumer satisfaction, during the installation, questionnaires are filled by the consumers in the scope of CRM project. So, in order to provide better services in sales and marketing, data are gathered in the work field. To obtain a better quality in the products and services, records for the services are evaluated.

Moreover, we plan to differentiate ourselves in specific services and to increase customer satisfaction. Thus, we professionalize in the services of built-in products and combi heating boiler.

It is one of the primary targets of Arçelik A.Ş. to reflect its experiences gained in the Turkish market and the high standard and high quality service to its customers to the international markets. For this reason, the authorized dealer organization-which is one of the constituent elements of Arçelik A.Ş.'s success-also operates in the international markets in the same way. With more than 2,000 service points and service companies at total, we work for delivering our products with high quality services.

Even though the minimum guarantee period for main product groups is determined to be 2 years by the Turkish Law, Arçelik A.Ş. has been giving guarantee for three years since 1998.

Call Center

Arçelik Call Center (444 0 888) while giving service to its consumers for 7/24, evaluates the consumer recommendations and demands in short periods and aims to realize customer satisfaction to the highest level. Transferring the recommendations and criticisms to the relevant units and contributing to the development of new products that will meet consumer expectations is the basic role of the Arçelik Call Center.

The consumer demands that are received by fax, letter, telephone and e-mail are evaluate, and a significant percentage of the expectations are met on the telephone. (First Line-Support). In order to increase the service level, Arçelik Call Center organizes consumer satisfaction questionnaires and views the feedback it receives as areas open to improvement.

Arçelik Call Center is a medium for communicating with Arçelik customers in Turkey since 1991 and with the aim of becoming an international call center, Arçelik Call Center has incorporated the before and after sales call center services of Austria Elektrabregenz, Beko and Altus in 2008 and Germany Grunding in 2009 and Germany Beko in 2009. So the international call center has been widened.

With technological infrastructure, service and process quality and customer-centered approach, Arçelik Call Center has received "The Best Call Center Award" that is given in the III. IMI Conferences Istanbul Call Center Awards.

The Best
Call Center
Award



Customer Satisfaction

In order to take our costumers' comments and criticisms about our products and services into consideration for providing more innovative products and to increase our service quality, we have been organizing customer satisfaction surveys for Arçelik A.Ş. and Beko brands in Turkey every year since 2008.

Throughout 2010, besides the satisfaction surveys realized in the domestic market, many consumer satisfaction questionnaires were organized in countries like UK, Serbia and Denmark, where the market share has been growing. In this way, we could consider the expectations and recommendations of customers from different cultures.

Disposal, Reuse and Recycling of Products

After-sale services are not limited to technical service for Arçelik A.Ş. Arçelik A.Ş. complies with all the legal regulations for the product life-cycle. We follow the legal regulations for the reclaiming, disposal, recycling and reuse of the products which are used by the customers and which have completed their life-cycles. In this regard, we consider the ISO 14001 Environmental Management System Standard as the basis.

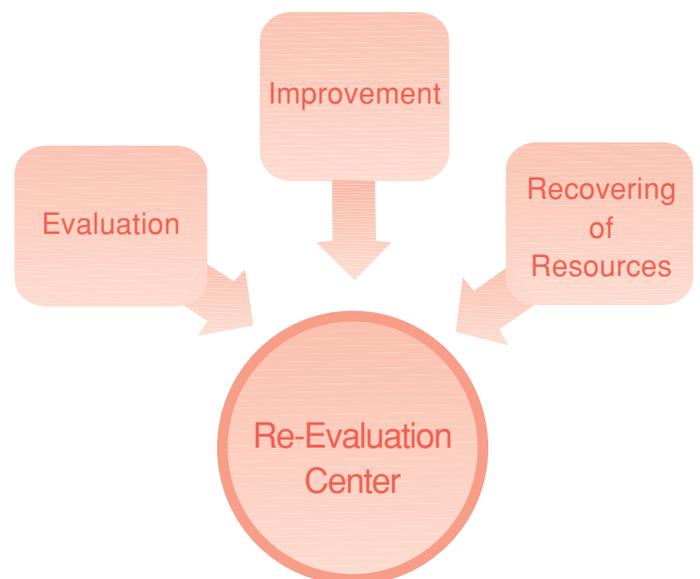
Moreover, Arçelik A.Ş. complies with The Waste Electrical and Electronic Equipment Directive, the WEEE Directive which is the European Community directive 2002/96/EC on waste electrical and electronic equipment that European Union countries complies with since 2003, through its mechanisms of reclamation and recycling. In this regard, Arçelik A.Ş. is the member of many reclamation mechanisms that gives services for the reclamation and disposal of products that are at the end of their life-cycle. Moreover, Arçelik A.Ş. gives voluntary support for the markets outside Europe to comply with the WEEE Directive. In this direction, within the project that will start in 2011, we will determine the operations to be realized in Turkey in the scope of WEEE and together with TÜRKBESE (Turkish White Goods Manufacturers Organization), a system to reclaim, transport, recycle and/or disposal of products that have come to the end of their life cycle will be implemented. On the basis of this project, together with a university, refrigerators that were produced prior to 1995 that work with CFC-11 refrigerant gas, will be examined thoroughly, and we will search for ways to incorporate these refrigerators that are reclaimed from the customers in the WEEE system.

Again in the scope of WEEE, waste products and components that have come to the end of their life-cycle will be reclaimed, selected and sent to the licensed recycling facilities to be recycled. Depending on the type of the product, the recycling ratio of the products produced by Arçelik A.Ş. changes between 83.9% and 98.0% due to the improvements in the raw materials and materials used in the products. According to the European Union Commission's Directive, the recycling ratio for the big electric and electronic home appliances is 80%.

99% of the Arçelik washing machines are recyclable and 100% of the washing machine packages is recyclable. Tumbler driers with condensers are composed of materials that are 98% recyclable. Arçelik refrigerators are 99% recyclable while the dish washers are 84% recyclable. The 88-92% of the electronic devices is recyclable. 91% of the Arçelik ovens and 100% of their packaging material are recyclable. Besides, plastic material in our products is 100% recyclable, so environmentally hazardous plastic material is disposed.

Moreover, the package volume and weight are determined in the way that will produce the minimum waste. Arçelik A.Ş. works with licensed recycling companies for waste packages in Turkey and in Europe.

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



The recycling percentages of the raw materials and materials used in our products are presented in the below table. Our product packages are 100% recyclable.

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

*Oil is not included in chemicals. 78% of the oil is recyclable.

Arçelik A.Ş. voluntarily works in collaboration with Turkish White Goods Manufacturing Organization for adapting the directive regarding the recycling of waste home appliances to Turkey and establishing a recycling system.

Use of Packages and Packaging Waste Management

In order to stock, transport and protect our products from external factors, we use cardboard, plastic and wood packages.

We pursue studies to use fewer, greener and recyclable packaging materials. We use packages that will cause the minimum waste production and which has minimum environmental impacts. We develop projects which will reduce the use of sources due to the use of packages. For instance, 60% of the cardboard packages include cardboard that is recycled. Moreover, we mark our refrigerator packages without using labels. In this way, we plan to save 87.5% tons paper waste.

Besides, for internal shipment, we also use equipment that is made of recycled material. For the internal shipment of the electrical motors, cases made of the recycled composite package wastes are used.

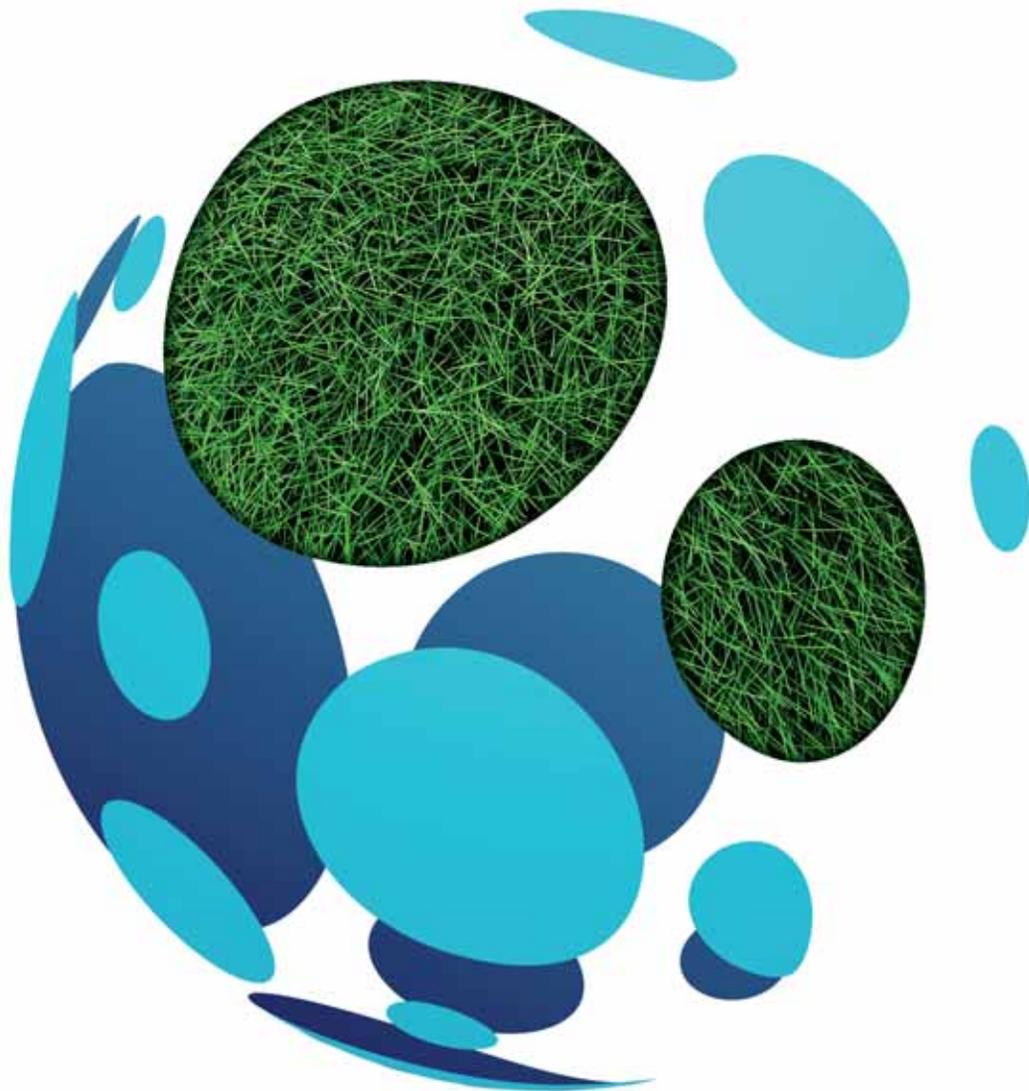
Besides the projects we carry out as to sustain natural resource through the usage of our products, we also adopt greener approaches for the packaging of our goods. In 2010, we have developed projects to ensure natural resource saving in the packages we use.

- In the packaging of ovens we have reduced the wood consumption by 85% and pasteboard consumption by 60%, preventing the cutting down of 1,650 trees.
- We have passed to a new packaging system in the compressor products' domestic and international transport with packages that can be returned to the plant after the transportation. In this regard, the usage of wood, pasteboard, metal, gusset, polyform plate, nail, nylon film and polyester band-buckle of the old packages was eliminated.

In 2010, we have changed the design of the guarantee certificates and additional documents provided to consumers besides the TV products, providing a 50% paper saving.

Types of Packages

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



We support social development

Our products are the symbols of modern, developed and welfare societies. In many social researches, having television, cooling and washing machines are frequently used as developmental indicators: they not only indicate purchasing power but also address a modern life, healthy and hygienic life standards. Hence, we evaluate development in its every aspect and support it as a significant component of our business strategy.

We define our role in ensuring sustainable development in our activity geography with contribution to socio-cultural development besides the economic fields we act. In this regard, we take initiatives, realize various projects and collaborate with non-governmental organizations. Hence, we reach to our common aims more easily getting support from their experts. In the projects we realize, we contribute to the solution of problems with the synergy we form by sustaining the volunteer participation of our employees, authorized dealers and services, suppliers and business partners.



Social Responsibility Approach

Keeping in mind the consciousness of social responsibility in all the projects that it plans and realizes, Arçelik A.Ş. believes in local development and increasing the social life standards. It does not feel itself content with the local employment and indirect economical impact that it creates in locations where it is active but also realizes social and environmental projects that will promote sustainable development. Apart from supporting the national projects of Koç Holding, it also strives for realizing its own national and international projects where it deems suitable in cooperation with non-governmental organizations.

Arçelik A.Ş. believes in the necessity of making consciousness of social responsibility a corporate culture in accordance with its vision of "Respects the Globe, Respected Globally", and in compliance with this administrative

approach, it accompanies the activities of its employees, authorized dealers and technical services as individuals that respect the globe. It prepares consciousness raising activities and projects that are suitable for achievement of success in the corporation and for the participation of employees, and it promotes the willingness approach to which it attributes an unconditional importance. Our employees, authorized dealers, technical services, our suppliers and partners in all countries that we are active in, shortly our entire value chain, creates a Volunteer Family.

"Teams of Volunteers" that consist of the members of our value chain in accordance with our belief that the permanent solutions for the social issues can only be achieved by the volunteers for the relevant issues use their expertise, efforts and time for

such activities that create value for the society and they do so as a moral requirement, without expecting any remuneration. Owing its global respectability to these corporate values and unbending principles above all, Arçelik A.Ş. makes a commitment to its stakeholders that it will continue similar activities in a broader extent in the forthcoming period.

Sponsoring and granting donations in the fields of culture, arts and sports in addition to its social projects, Arçelik A.Ş. continues these practices both at a national and at an international level.



Social Projects and Support Activities

Standing United for Education With Arçelik A.Ş.-Turkey

With the Standing United for Education Program and the projects within this scope we have been conducting jointly with the Ministry of Education we aim to support the individual development of students with limited financial means. As of the end of the program, we aim to reach a total of 200,000 children receiving education in 300 regional primary boarding schools. In the reporting period, we have carried on various projects within the program aiming to increase the education and development standards of students and to bring in exemplary individuals to the society.

- Our Rooms

With the Our Rooms project, it is intended to provide students those living in boarding schools and far from their families an environment where they can enjoy their spare time, and pursue cultural and artistic activities. In this regard, it is aimed to help their personal development.

- They Were Once Children

The objective of this project is to meet the students with successful examples of similar educational background. In this way, it is intended to remind the students that they are significant individuals for the future of the country and make them believe in their future objectives with the help of these role models.

- Education Scholarship

Financial assistance is provided to successful regional primary boarding school students to empower them in pursuing secondary education.

- Support and Education for Teachers

Seminars and workshops are organized to support the personal and vocational development of teachers and administrators working in regional primary boarding schools.

- Volunteer Family Association

To ensure the persistence of the projects realized and to develop a volunteer approach at the local level Volunteer Family Associations are formed and they are encouraged to take charge in relevant schools as observation and support units.



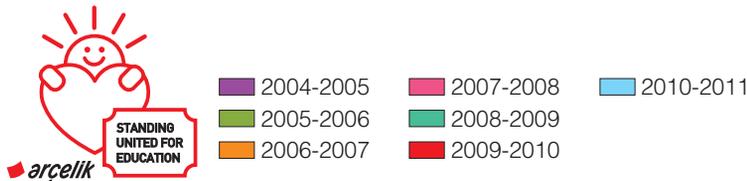
• “Let's Protect Our Environment and Natural Resources” Competition

With “Let's Protect Our Environment and Natural Resources” essay, poetry and painting competition we have realized for the second time within the scope of Volunteer Family activities, we aimed to raise the awareness of the students regarding the protection of natural resources and water and energy saving. Following the competition where about 450 works from boarding schools had participated, the projects realized from the beginning of the Standing United for Education Program are collected in a book.

The works participated in the competition were primarily evaluated by the teachers and school administrators. Best three works in every category chosen by every single school were subjected to evaluation by the selection committee of Arçelik A.Ş. employees and they were presented to the opinions of 2500 employees in Turkey and international offices. Successful students and administrators were hosted in Istanbul by Arçelik. Voluntary Family and were presented with their awards.



We have realized the objective we set forth in the previous report as to include Adıyaman, Batman, Diyarbakır, Siirt and Bitlis provinces into the scope of the program and reach 258 boarding schools in 55 provinces. Our objective for the 2010-2011 educational year is to include Şırnak, Tunceli, Muş, Bingöl and Bartın into the program and to reach 299 boarding schools in 60 provinces.





For My Country-Turkey

Since the very beginning of the project, Arçelik A.Ş. has been supporting For My Country with thousands of employees, authorized dealers and services. For My Country Project started in 2006 by Koç Holding aims to develop social responsibility awareness among holding employees and dealers, and encourage them to participate in activities to this end. With the various projects held in 81 provinces on education, health, environment, culture and art; local development and increase in life standards were intended.

In the reporting period, Support for National Blood Donation campaign was organized within the scope of the For My Country Project. Conducted jointly with Turkish Red Crescent, 8,300 A.Ş. employees participated to the first stage of briefings. For the donations which were conducted in two stages 5,775 volunteers from the company applied and 4849 units of blood were collected from those with good health. In the provinces, the campaign was run by Provincial Sales Region Managements and For My Country Ambassadors, and active participation by authorized dealers and services was realized.



• Changzhou Children Welfare Institute China

In line with the significance Arçelik A.Ş. attributes to local development and enhancing life standards, Beko Electrical Appliances Co. Ltd. has helped out to Changzhou Children Welfare Institute where orphans are taken care of and receive education.

• Expo 2010 Shanghai China

Adding a new sponsorship to its international portfolio, Beko has undertaken the sponsorship of Turkish pavilion in EXPO 2010 Shanghai and contributed to country promotion.

• Post-Disaster Support Russia

Beko LLC has provided household appliances to over 70 families who were aggrieved of the fire that broke out in the Vladimir region near Kirzach province.



Vocational Education: A Crucial Matter for the Nation Project (VE:ACMN) - Turkey

Since 2006, Arçelik A.Ş. has been actively supporting Koç Holding's A Crucial Matter for the Nation Project, which aims to develop awareness regarding the significance of vocational/technical education over national economy and to encourage the youth for vocational education as to contribute to the development of qualified workforce. In the reporting period our Volunteer Teams took charge as "Vocational High School Coaches" to direct and support the development of students.

"Vocational High School Coaches" the number of which has reached to 28 in 2009-2010 educational terms are coming together with the students to share their knowledge and experience. Within the educational year they have supported the students in "Future of the Vocational Training is Your Future" competition which was held within the scope of the project to increase the knowledge, skills and competence of the students.

Kocaeli Gebze Trade Vocational High School which was led by Arçelik A.Ş. "Vocational High School Coaches" in project team formation, detailing, planning and application; won the competition with their "E-Intern" project . Within the scope of the project, our support for scholarship students, the number of which has reached up to 896 in 2009-2010 educational year, and to new students in the future will increase.



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



Support for Sports



Beko Basketball League (Turkey)

Setting off with the mission to be the "Sponsor of Basketball" in Turkey and the world, Arçelik A.Ş. - in line with its Beko brand's innovative, young and dynamic brand image and objectives-in 2010 decided to prolong its sponsorship for Turkish Basketball League which has been held since 2006. We foresee that the collaboration between Turkish Basketball Federation and Arçelik A.Ş. will growingly continue in the upcoming years. Being aware of the fact that the development of new generation sportsmen and sportswomen who will represent our country in the international arena is dependent upon the advertising of basketball and upon the necessary material conditions to direct the youth into this field, Arçelik A.Ş. acknowledges this responsibility as part of Beko's brand value. The activities we conduct every year in this regard; "Beko All Star" and "Beko Basketball League Player of the Year" have been pursued in 2010. Our shareholders can access more detailed data regarding our practices. from: <http://www.tbl.org.tr/beko/index.asp?sezon=2011-2012>

Beko Basketball Bundesliga (Germany)

Beko, which has become the title sponsor of German Basketball League in 2009 in line with its "Sponsor of Basketball" and "Global Brand" mission and vision, has continued its activities in this regard through the reporting period. In 2010, it has carried on its support for basketball in Germany as it sponsored activities such as Beko Basketball Bundesliga All Star Day, Beko BBL Top Four, Beko BBL Champions Cup and Beko Super Cup 2010.

16th London Turkish Film Festival

Being the sponsor of 16th London Turkish Film Festival, Beko Plc. both supported the Turkish cinema and added a new item to its international sponsorship portfolio.

Beko Basketball League (Russia)

After the basketball league sponsorships in Turkey and Russia, as of 2010 Beko has given its name to the Russian Basketball League undertaking the latter's sponsorship.

2010 Fiba World Basketball Championship

The major sponsor to 2010 FIBA World Basketball Championship in Turkey was Beko.

Petersburg Samovar 2010 (Rusya)

Beko LLC supported Petersburg Samovar 2010, the Russian leg of international "V Festival" via activities promoting tea and coffee culture with its Samovar and Telve products.



- Eskişehir Refrigerator Plant - TPM Productive Management Special Award.
- Bolu Cooking Appliances Plant - TPM Award of Excellence.
- Arçelik A.Ş. ranks 3rd company in Capital 500 for the “largest employment” category and 2nd for the “highest export”.
- Arçelik A.Ş. ranks 3rd in Capital's Survey for the Most Admired Companies in Turkey.
- Arçelik A.Ş. is awarded in “Management” category by “European Business Awards for the Environment European Programme”.
- Arçelik A.Ş. - First prizes of “European Business Awards for the Environment Turkey Programme” in “Management” category for its contributions to sustainable development and in “Product” category for Economist washing machine.
- Beko DFN 71042 S dishwasher - Plus X Design, Ease-of-use and Ecology Awards.
- Beko DRW 11400 FB heating drawer - Plus X Design and Ecology Awards.
- Beko XL9 WMB 91242 LC washing machine - Plus X Ease-of-use and Ecology Awards.
- Blomberg TKF 7459 A dryer - Plus X Ecology Award.
- Blomberg Greenplus GSN 9582 XB7 dishwasher - Plus X Ease-of-use and Ecology Awards.
- Blomberg WNF 8447 A50 washing machine - Plus X Ease-of-use and Ecology Awards.
- Blomberg Greenplus BEO 9761 X built-in oven - Plus X Design and Ecology Awards.
- Arçelik A.Ş. - Turkish Patent Institute's first prize and golden patent award in the categories “Company with the highest number of patent applications”, “Company with the highest number of patent registrations” and “Company with the highest number of international patent applications”.
- Beko LED TV - Red Dot Design Honorable Mention.
- Beko WME 7247 washing machine - Which? Consumer Magazine "Best Buy".
- Award for the “Most Successful Thesis and Organization” granted by Technology Development Foundation of Turkey (TTGV) for University and Industry Cooperation in the name of Dr. Akın Çakmakçı.
- Leisure Cookmaster CM101FRKP - Which? Consumer Magazine "Best Buy".
- Grundig Fine Arts TV has received “good” rating from Home Vision Test Magazine.
- Grundig 40" FineArts LED TV and Grundig Vision8 LED TV - Red Dot Honorable Mention and Plus X Ease-of-usage Awards.
- Beko 4 More GNE 114610 FX refrigerator - Plus X Design and Ease-of-use Awards.
- Beko One Touch DFN 1000 X dishwasher - Plus X Design and Ease-of-use Awards.

- Beko OCM 25500 X compact built-in oven - Plus X Design and Ease-of-use Awards.
- Blomberg BGM 15320 DX PR professional solo oven - Plus X Design Award.
- Grundig Vision8 LED TV and Grundig FineArts LED TV - Plus X Ease-of-use Award.
- Blomberg TKF 8439 A dryer - Plus X Ease-of-use Award.
- Blomberg BEO 9770 X built-in oven - Plus X Design and Ease-of-use Awards.
- Blomberg 4-door Side-By-Side KQD 1360 X refrigerator - Plus X Design and Ease-of-use Awards.
- Beko Plc. "Best Durable Goods Company" and "Fastest-Growing Company in the Industry" in the UK.
- Beko WM7335W washing machine - Which? Consumer Magazine "Best Buy".
- Beko LLC, by Russian Energy Agency - "Best Company of Energy Saving Products".
- Beko Plc. Euronics and Currys (DSG) - "White Goods Supplier of the Year" in the UK.
- Blomberg Domino Cooker Series, Built-in Oven, Grundig 40" Rom LED TV and 40" Vision8 LED TV - "The Chicago Athenaeum" (Architecture & Design) "Good Design" Awards.
- Arçelik A.Ş. Built-in Domino Cooker Series and Arçelik A.Ş. 4-Door Refrigerator with Joker Compartment - "Good Design" by Design Turkey.
- The toaster designed by DesignUM for Arçelik A.Ş. - Superior Design Award by Design Turkey.
- "Surf@ - Innovative Oven Technology" project - TÜBİTAK, TTGV and TÜSİAD 9 Technology Awards, "Large-Scale Product" category Technology Award.

Sustainability Report as a Tool for Accountability

We see our sustainability report - in which we present to our stakeholders a clear and honest summary of our social, environmental, economic and ethical promises, practices, targets and performance results regarding Arçelik A.Ş.'s sustainable development and our actions on our responsibilities towards sustaining of social development in the places we operate - as an important tool to be a transparent and accountable organization. This is the reason why we increase our application level every year.

We have brought many new changes to our previous sustainability report, published in 2010. While we used GRI Reporting Standard to determine the extent of reporting, content structure and quality, data measurement and explanation techniques, just like in the previous implementations, this year, we are explaining our work with more performance indicators B implementation level. Again, different from last year, the content of our reporting study consists of the one calendar year long performance explanations rather than two, which starts at 1 January 2010 and ends at 31 December 2010.

For the disclosure we make in the Arçelik A.Ş. 2010 Sustainability Report, the performance data of our Turkey operations have been selected as the baseline, since it makes the most of our organization when its central organizations and significant impact on areas such as production, sales, employment and sustainability performance are considered, in line with the GRI Standard for content determination principles. Yet, when necessary, report makes use of data that pertain to the performance of the company in general. For when such disclosure is required, necessary reminders have been written. The main content and the target audience of the Arçelik A.Ş. 2010 Sustainability Report is determined by the works that have been actualized according to the material issue and stakeholder prioritization techniques recommended with the GRI standard, and with the participation of the Arçelik A.Ş. Sustainability Working Group, where all the functions of our organization are represented.

Performance Data (*)

2008

2009

2010

ECONOMICAL and MANAGEMENT PERFORMANCE DATA

Net Sales (million Euro)	3,615	3,065	3,487
by region			
Turkey (million Euro)	-	1,474	1,718
Europe (million Euro)	-	1,238	1,329
Others (million Euro)	-	353	440
by product group			
White Goods (million Euro)	-	2,044	2,208
Customer Electronics (million Euro)	-	554	631
Others (million Euro)	-	467	648
Gross Profit (million Euro)	1,027	1,011	1,040
Operating Profit (million Euro)	232	348	321
Income Before Tax (million Euro)	15	268	330
Net Income (million Euro)	3	234	276
Total Assets (million Euro)	3,204	2,975	3,573
Total Current Liabilities (million Euro)	1,397	1,472	1,143
Total Liabilities (million Euro)	2,269	2,705	1,910
Total Equity (million Euro)	935	1,270	1,663
Dividends Paid (million Euro)	54	1	55
Capital Expenditures (million Euro)	187	96	127
Dividend per Share (Euro)	0.013	0.069	0.186
Year-end Share Price (Euro)	0.96	2.71	3.81
Year-end Market Value (million Euro)	385	1,830	2,572
Corporate Governance Rating	-	8.21	8.55
Economic Value Generated (TRY Million)	7,639	7,170	7,347
Revenues (TRY Million)	7,639	7,170	7,347
Economic Value Distributed (TRY Million)	7,855	6,353	6,911
Operating Cost Total (TRY Million)	5,893	5,379	5,745
Personnel Expenses (TRY Million)	625	577	706
Payments to Providers of Funds (TRY Million)	1,266	333	389
Payments to Governments as Income Tax (TRY Million)	65	63	62
Community Investments (TRY Million)	6	1	9
Economic Value Retained (TRY Million)	(216)	817	436

ENVIRONMENTAL PERFORMANCE DATA

Raw Materials and Other Material Use - Total (tons)	-	-	656.999
Raw Materials - Plastics (tons)	-	-	59.263
Raw Materials - Metals (tons)	-	-	244.045
Raw Materials - Others (tons)(1)	-	-	186
Materials (tons)(2)	-	-	343.630
Chemicals (tons)(3)	-	-	9.875

	2008	2009	2010
Total Water Withdrawal by Source (m ³)	1,286,771	1,301,498	1,409,750
Wells (m ³)	374,866	374.187	436.176
Municipal Water (m ³)	911,905	927.311	973.574
Total Water Discharge by Destination (m ³)	800,478	857,147	824,673
Public Tailrace Connection Discharge (m ³)	233,155	328,421	230,083
Receiving Systems (m ³)	205,920	135,002	171,770
Industrial Zone Sewage Systems (m ³)	361,203	393,724	422,820
COD Values of Discharged Water			
Cooking Appliances (mg/l)(limit value: 100.00)	30.00	30.00	22.00
Dishwashers (mg/l)(limit value: 1,000.00)	81.30	94.80	58.60
Electronics (mg/l)(limit value: 600.00)	89.00	198.00	44.00
Refrigerators and Compressors (mg/l)(limit value: 100.00)	<10	17.00	22.00
Tumble Dryers (mg/l)(limit value: 1,000.00)	130.00	130.00	30.00
Washing Machines (mg/l)(limit value: 600.00)	142.70	114.00	123.60
Direct Energy Consumption by Primary Source (GJ)	1,209,492	1,080,419	1,219,911
Diesel (GJ)	4.378	5.691	9.237
Fuel Oil (GJ)	93.248	59.969	53.669
LNG (GJ)	180.201	12.355	0
LPG (GJ)	71.393	34.336	55.539
Natural Gas (GJ)	860,272	968,068	1,101,466
Indirect Energy Consumption by Source (GJ)	581.591	524.158	565.991
Electricity (GJ)	581.591	524.158	565.991
Total GHG Emissions (Tons CO ₂ e)	-	-	157.725
Direct GHG Emissions (Tons CO ₂ e)	-	-	77,038
Indirect GHG Emissions (Tons CO ₂ e)	-	-	80,687
Total GHG Reduced Through Efficiency Projects (Tons CO ₂ e)	-	-	7,560
Direct GHG Emissions Reduced (Tons CO ₂ e)	-	-	1,551
Indirect GHG Emissions Reduced (Tons CO ₂ e)	-	-	6,009
Total Wastes by Type (Tons)			65,805
Hazardous Wastes (Tons)	-	-	1,970
Non-Hazardous Wastes (Tons)	-	-	63,835
Total Wastes by Treatment Method (Tons)			
Wastes Recovered (Tons)	-	-	64,366
Wastes Disposed (Tons)	-	-	1,439
Environmental Protection Expenditures and Investments (TL)	-	-	4,443,260
Environmental Trainings (person*hour)			12,915
Orientation Trainings (person*hour)	-	-	80
Employee Trainings (person*hour)	-	-	11,055
Subcontractor Trainings (person*hour)	-	-	680
Community Trainings (person*hour)	-	-	1,100

2008

2009

2010

SOCIAL PERFORMANCE DATA

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

(*) Data presented covers for operations in Turkey in accordance with reporting boundaries.

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

(1) Presented data reflect isolation raw material consumption.

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

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

(4) $F = (\text{Total Number of Accidents} / \text{Total Working Hours}) * 1,000,000$

(5) $G = (\text{Total Number of Lost Days Due to Accidents} / \text{Total Working Hours}) * 1,000$

(6) $\text{Safety Factor} = (F * G) / 1,000$

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
Profile Disclosures				
1.1	Message from the CEO	2-3		Full
1.2	Message from the CEO Sustainability Performance 2010 About Arçelik A.Ş. Sustainability Management	2-3 4-6 8-9 14		Full
2.1	Contact	Inside Back Cover		Full
2.2	Arçelik A.Ş. 2010 Annual Report Corporate Website	24-25	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf www.arcelikas.com/page/80/Brands	Full
2.3	Corporate Website About Arçelik A.Ş. Arçelik A.Ş. 2010 Annual Report	8-9 22, 23, 54, 55, 56, 57, 58	http://www.arcelikas.com/page/74/Management http://www.arcelikas.com/page/57/Plants http://www.arcelikas.com/page/67/global_operational_network http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.4	Contact Corporate Website	Inside Back Cover	http://www.arcelikas.com/page/264/Contact http://www.arcelikas.com/page/67/global_operational_network	Full
2.5	About Arçelik A.Ş. Sustainability Report as a Tool for Accountability Arçelik A.Ş. 2010 Annual Report	8-9 65 22, 23	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.6	Arçelik A.Ş. 2010 Annual Report	17	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.7	About Arçelik A.Ş. Arçelik A.Ş. 2010 Annual Report	8-9 22-23	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.8	Talent Magnet Arçelik A.Ş. 2010 Annual Report	30-31 16	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.9	Arçelik A.Ş. 2010 Annual Report	17	Detailed information about significant changes in reporting period can be obtained from Investor Relations/ Latest Developments section located at http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
2.10	Corporate Awards and Achievements	64-65		Full
3.1	Sustainability Report as a Tool for Accountability	65		Full
3.2	Sustainability Report as a Tool for Accountability	65		Full
3.3	Sustainability Report as a Tool for Accountability	65		Full
3.4	Contact	Inside Back Cover		Full
3.5	Sustainability Management Sustainability Report as a Tool for Accountability	14 65		Full
3.6	Sustainability Report as a Tool for Accountability	65		Full
3.7	Sustainability Report as a Tool for Accountability	65		Full
3.8	Sustainability Report as a Tool for Accountability	65		Full
3.9	Sustainability Report as a Tool for Accountability	65		Full
3.10	Sustainability Report as a Tool for Accountability	65		Full
3.11	Sustainability Report as a Tool for Accountability	65		Full
3.12	GRI Indicators Table			Full
3.13	Independent External Assurance Report	77	Direct and indirect carbon emissions yearly data that is up to 31.12.2010 which is in the scope of the report and which is given in details in Assurance Report Appendix-1, is confirmed by an independent organization with "qualified assurance."	Full
4.1	Corporate Management Sustainability Management Corporate website	12-13 14	http://www.arcelikas.com/page/75/board_directors http://www.arcelikas.com/page/74/management	Full
4.2	Corporate Management	12-13		Full
4.3	Corporate Management	12-13		Full
4.4	Sustainability Management Dialogue with Stakeholders Employee Participation in Management Arçelik A.Ş. 2010 Annual Report	14 16 29-30 58	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
4.5	Arçelik A.Ş. 2010 Annual Report	66	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full

GRI Indicators Table

GRI INDICATORS		REFERENCES	PAGES	NOTES	RESPONSE LEVEL
4.6	Corporate Website Arçelik A.Ş. 2010 Annual Report			http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf http://www.arcelikas.com/UserFiles/file/PDF/TR/Etik%20De%	Full
4.7	Corporate Management Arçelik A.Ş. 2010 Annual Report		12-13 54-63	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf C4%9Ferler%20%C4%B0ngilizce.pdf	Full
4.8	Corporate Governance Sustainability Management Environmental Management Occupational Health and Safety Corporate Website Arçelik A.Ş. 2010 Annual Report		12-13 14 18-19 34 63	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
4.9	Risk Management Sustainability Management		13 14		Full
4.10	Corporate Management Arçelik A.Ş. 2010 Annual Report		12-13 65-66	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
4.11	Risk Management Arçelik A.Ş. 2010 Annual Report		13 63-64	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
4.12	Legal Compliance and Voluntary Initiatives Environmental Management Efficiency in Material Use Energy Consumption and Emissions We Care About Our Suppliers		15 18-19 20 21-22 42-43		Full
4.13	Legal Compliance and Voluntary Initiatives		15		Full
4.14	Dialogue with Stakeholders		16		Full
4.15	Sustainability Management Dialogue with Stakeholders		14 16		Full
4.16	Dialogue with Stakeholders		16		Full
4.17	Call Center Customer Satisfaction Arçelik A.Ş. 2010 Annual Report		53 54 58	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full

Management Approach

DMA EC	Combating the Climate Change Message from the CEO Raising Public Awareness on Resource Consumption We Offer Environment Friendly, Innovative Products That Make Life Easier and Ultimate Services to Our Customers Performance Data Talent Magnet Distribution of Direct Material Supply Innovation Champion Arçelik Innovative Products Energy Labeling Standing United for Education with Arçelik For My Country Vocational Education: A Crucial Matter for the Nation Changzou Children Welfare Institute (China) Arçelik A.Ş. 2010 Annual Report		18 2-3 25 45 66 31 40-41 46 47-50 50-51 59-60 61 62 61 16, 21-22, 134	Sustainability Report 2010 (p.4-5), Risk Management(p.13), Sustainability Management(p.14), Dialogue with Stakeholders (p.16)	Full
DMA EN	Efficiency in Material Use Disposal, Reuse and Recycling of Products Message from the CEO Sustainability Performance 2010 Energy Consumption and Emissions Energy Consumption and Emissions Reduction Projects Easier and Ultimate Services to Our Customers We Offer Environment Friendly, Innovative Products That Make Life Easier Innovation Champion Arçelik Innovative Products Energy Labeling		20 54-55 2-3 5 21-22 23 45 46-47 47-50 50-51	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management (p.14), Dialogue with Stakeholders (p.16)	Full

GRI Indicators Table

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
DMA EN	Performance Data	67	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management(p.14), Sustainability Management(p.14),	Full
	Responsibility Comes First	17		
	Water Usage and Recycling	20		
	Water Discharge	20-21		
	Integrated Waste Management	24-25		
	Environmental Approaches for Product Distribution	52		
	Environment Protection Investments and Expenses	25		
	Use of Packages and Packaging Waste Management	55		
DMA LA	Dialogue with Stakeholders	16	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management(p.14), Sustainability Management(p.14),	Full
	Talent Magnet	30-31		
	Performance Data	68		
	A Decent Place to Work	28		
	Freedom of Association and Collective Bargaining	29		
	Occupational Health and Safety	34-35		
	Performance Management	32		
DMA HR	Development Management	32	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management(p.14), Dialogue with Stakeholders (p.16)	Full
	We Care About Our Suppliers	42-43		
	A Decent Place to Work	28		
	Occupational Health and Safety	35		
	Dialogue with Stakeholders	16		
DMA SO	Responsibility Comes First	17	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management(p.14), Dialogue with Stakeholders (p.16)	Full
	Risk Management	13		
	Legal Compliance and Voluntary Initiatives, Direkt answer SO6	15		
	Compliance with Competition Rules	15		
	Arçelik A.Ş. 2010 Annual Report	63-64		
DMA PR	Product Information	50	Sustainability Report 2010 (p.4-5), Risk Management (p.13), Sustainability Management(p.14), Dialogue with Stakeholders (p.16)	Full
	Legal Compliance and Voluntary Initiatives	15		
	Efficiency in Material Use	20		
	We Care About Our Suppliers	42-43		
	Innovative Products	47		
	Product Information	50-51		
	After Sales	52-54		
Energy Labeling	50-51			

Performance Indicators

EC1	Arçelik A.Ş. 2010 Annual Report	16	http://www.arcelikas.com/UserFiles/file/PDF/EN/Ar%C3%A7elik%20A_S_%20Annual%20Report%20Web-version.pdf	Full
	Performance Data	66		
EC2	Combating the Climate Change	18		Partial
	Message from the CEO	2-3		
	Raising Public Awareness on Resource Consumption	25		
	We Offer Environment Friendly, Innovative Products That Make Life Easier and Ultimate Services to Our Customers	45		
EC4	Arçelik A.Ş. 2010 Annual Report	134		Partial
EC5	Talent Magnet	31		Partial
EC6	Distribution of Direct Material Supply	40-41		Full
	Arçelik A.Ş. 2010 Annual Report	21-22		
EC8	Standing United for Education with Arçelik	59		Partial
	For My Country	61		
	Vocational Education: A Crucial Matter for the Nation	62		
	Changzou Children Welfare Institute (China)	61		
EC9	Vocational Education: A Crucial Matter for the Nation	62		Full
	Innovation Champion Arçelik	46		
	Innovative Products	47-50		
	Energy Labeling	50-51		
EN1	Efficiency in Material Use	20		Full
EN2	Disposal, Reuse and Recycling of Products	54-55		Partial
EN3	Energy Consumption and Emissions	21-22		Full
	Performance Data	66-67		
EN4	Energy Consumption and Emissions	21-22		Partial
	Performance Data	66-67		

GRI Indicators Table

GRI INDICATORS		REFERENCES	PAGES	NOTES	RESPONSE LEVEL
EN5	Energy Consumption and Emissions Reduction Projects		23		Full
EN6	Message from the CEO Sustainability Performance 2010 We Offer Environment Friendly, Innovative Products That Make Life Easier and Ultimate Services to Our Customers Innovation Champion Arçelik Innovative Products Energy Labeling		2-3 5 45 46-47 47-50 50-51		Full
EN7	Energy Consumption and Emissions Reduction Projects		23		Full
EN8	Water Usage and Recycling		20		Full
EN9	Responsibility Comes First Water Usage and Recycling		17 20	Since the most significant share of the water used is withdrawn from the municipal systems and no water bodies with RAMSAR or similar protection status are employed, Arçelik operations does not result in any stress, as expressed by this indicator, on water bodies.	Full
EN11	Responsibility Comes First		17		Full
EN13	Responsibility Comes First		17		Full
EN14	Responsibility Comes First		17		Full
EN16	Energy Consumption and Emissions Performance Data		21-22 67		Full
EN18	Energy Consumption and Emissions Reduction Projects Performance Data		23 67		Full
EN19	Efficiency in Material Use		20		Full
EN20	Energy Consumption and Emissions		21-23		Full
EN21	Water Discharge Performance Data		20-21 67	Water discharged from Arçelik's plants is not used by other organizations.	Full
EN22	Integrated Waste Management Performance Data		24-25 57	98% of the waste emerged in Arçelik's plants is recovered. Remaining propotion of the waste is mostly disposed by secure storage.	Full
EN25	GRI Performance Indicators		72	The most significant share in waste water occured in Arçelik's plants is discharged to public or industrial zone sweage systems. Only a small portion is discharged to receiving environments. Since waste water is discharged only after the treatment process and reached to the quality level required by legal regulations, biodiversity value of no receiving environment is not harmed.	Full
EN26	Message from the CEO Sustainability Performance 2010 We Offer Environment Friendly, Innovative Products That Make Life Easier and Ultimate Services to Our Customers Innovation Champion Arçelik Innovative Products Energy Labeling Environmental Approaches for Product Distribution Disposal, Reuse and Recycling of Products Use of Packages and Packaging Waste Management		2-3 5 45 46 47-50 50-51 52 54-55 55		Full
EN27	Use of Packages and Packaging Waste Management		55		Partial
EN29	Environmental Approaches for Product Distribution		52		Partial
EN30	Envrionmental Expenses and Investments		25		Full
LA1	Talent Magnet Performance Data		30-31 68	As the report covers Arçelik's activities and projects carried out only in Turkey no regional breakdown is cited.	Full
LA2	Talent Magnet		30-31	As the report covers Arçelik's activities and projects carried out only in Turkey no regional breakdown is cited.	Full
LA3	Talent Magnet Corporate Website		30-31	http://www.arcelikas.com/page/197/Compensation %20and%20Benefits	Full
LA4	Freedom of Association and Collective Bargaining Performance Data		29 68		Full

GRI Indicators Table

L	GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
	LA5	A Decent Place to Work	28		Full
	LA6	Occupational Health and Safety	34-35		Full
	LA7	Occupational Health and Safety Performance Data	34-35 68		Partial
	LA 8	Occupational Health and Safety	34-35		Full
	LA10	Development Management Performance Data	32 68		Full
	LA11	Development Management	32		Full
	LA12	Performance Management	32		Full
	LA13	Performance Data	68		Partial
	LA14	Talent Magnet	31		Full
	HR2	We Care About Our Suppliers	42-43		Partial
	HR4	A Decent Place to Work	28	No such case occurred and no complaints received during the reporting period.	Full
	HR5	A Decent Place to Work	28	"All Blue Collar workers collective bargaining, organization and unionization rights are secured. All employees are free to become a member of the labour union which they prefer and to benefit collective bargaining rights. During the reporting period, no breach or risk is identified within Arçelik Organization."	Full
	HR6	A Decent Place to Work	28	No child labor is employed in Arçelik. During the reporting period, no breach or risk is identified within Arçelik Organization.	Full
	HR7	A Decent Place to Work	28	No Arçelik operation employees forced or compulsory labor. During the reporting period, no breach or risk is identified within Arçelik Organization.	Full
	HR8	Occupational Health and Safety	35		Full
	SO1	Responsibility Comes First	17		Full
	SO2	Risk Management Arçelik A.Ş. 2010 Annual Report	13 63-64		Partial
	SO6	GRI Performance Indicators	73	No political ideology or agenda; accordingly no political opinion or position; no political party, movement or initiative is supported directly or indirectly by Arçelik A.Ş.	Full
	PR 1	Product Information	50		Partial
	PR3	Legal Compliance and Voluntary Initiatives Efficiency in Material Use We Care About Our Suppliers Innovative Products Product Information	15 20 42-43 47 50-51		Full
	PR5	After Sales	52-54		Partial
	PR6	Legal Compliance and Voluntary Initiatives Efficiency in Material Use Energy Labeling	15 20 50-51		Full

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 2010, 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 01.01.2010 - 31.12.2010.

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, 2010.

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

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

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

- The Headquarter (Sütlüce Campus): There are two administrative offices.
- Çerkezköy Campus: There are electrical motors production plant, dryer production plant and warehouses.
- Beylikdüzü Campus: There are electronics production plant and warehouses.
- Çayırova Campus: There are washing machine production plant, cogeneration, administrative buildings and facilities and warehouses.
- Bolu Campus: There are cooking appliances production plant, 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 three categories :

- *Direct Greenhouse gas emissions,*
- *Indirect Greenhouse gas emissions,*
- *Other indirect Greenhouse gas emissions.*

Direct greenhouse gas emissions are within the scope of Scope 1, 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, refrigerants, acetylene, propane and industrial oil.

- *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.
- Due to the 2010 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 TEİAŞ (Turkish Electricity Transmission Company) data. This emission factor is used to calculate the indirect greenhouse gas emissions.
- The "American Petroleum Industry Compendium (2009)", EPA's (U.S. Environmental Protection Agency) Ozone-Depleting Substances (ODS) GWP values "<http://www.epa.gov/ozone/science/ods>", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 3: Industrial Processes and Product Use, Chapter 7: Emissions of Fluorinated Substitutes for ODS", "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 findings are managed in accordance with the "GTP-16355 Corrective and Preventive Actions Procedure".

Opinion Restatement

Arçelik A.Ş.'s Greenhouse Gas Inventory 2010 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 Auditor's Report



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti

**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 31.12.2010, contained by the Arçelik A.Ş Sustainability Report 2010 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 2010 which refer to the Selected Data in accordance with the criteria set out in Annex 1.

Principles of the verification service 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.

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BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2010 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

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

Restrictions

The absence of a manual prepared by the national authority has lead both parties to have some assumptions especially related to the grid emission factors and some measurement and calculation techniques which can result in materially different calculations and can impact the comparability. Therefore the accuracy of different calculations may also vary from company to company in 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.

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BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arçelik AŞ. reported in their Sustainability Report 2010 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

BSI GROUP EURASIA
BELGELENDİRME HİZMETLERİ
LİMİTED ŞİRKETİ

Özlem Ünsal
Managing Director

İstanbul, 02.12.2011

Annex 1 : Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2010

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Statement GRI Application Level Check

GRI hereby states that **Arçelik A.Ş.** has presented its report "2010 Arçelik A.Ş. Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

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

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

Amsterdam, 21 December 2011

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

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



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

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We appreciate your feedback and inquiries regarding this Report
and Arçelik's sustainability activities.
Contact us, the Corporate Communications Department
E-mail: corporateinfo@arcelik.com

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