



CORPORATE GOVERNANCE

Corporate Governance

Focusing on creating shared values in line with a financially profitable business model that respects people and the environment, Arçelik structures its corporate governance principles around accountability, corporate responsibility, fairness, openness and transparency. Arçelik's enduring success lies in its approach to manage all its business activities based on these principles.

Corporate Responsibility

Corporate Social Responsibility Approach

Sustainable use of the earth's limited resources is not only the responsibility of individuals, governments and nongovernmental organizations, but private companies as well. Arçelik carries out its activities with a view to leave a more livable world for future generations.

Fulfilling its responsibilities in "Sustainable Development", having an environmental awareness and social sensitivity, and operating in full compliance with the laws, ethical standards and human rights constitute the "Corporate Social Responsibility" of the Company.

Drawing its strength from its corporate values and the principle, "I exist only if my country exists" created by the late Vehbi Koç, the founder of Arçelik, the Company strives to fulfill its responsibilities in cooperation with its employees and all its business partners.

Corporate Governance Approach

The Company's corporate values, ethical approach, good governance philosophy and business ethics help guide its employees in fulfilling their responsibilities.

In line with international business standards, the Company focuses on four main principles in corporate governance, namely accountability, responsibility, openness, transparency and equality, which build trust between stakeholders and corporations, in conducting all its business activities in order to ensure the success and productivity of the Company in the long term.

Arçelik A.Ş. is well aware that the methodology for fulfilling the promises on trust and stabilization towards the Company's shareholders and investors, in particular, can be achieved by sound corporate governance. The positive impacts of Company's performance on "Corporate Governance Principles" can be observed clearly in meetings conducted with corporate investors. The company relies not only on its business results and robust capital structure to achieve its profitability targets, but also on its "Corporate Reputation", an important asset that has been established over many years.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I: Statement of Compliance with Corporate Governance Principles

The implementation of Corporate Governance Principles, which were issued by the Capital Markets Board (CMB) under Decision No. 35/835 rendered on July 4, 2003 and made public in July 2003, is particularly important for the creditworthiness and financial opportunities of publicly traded corporations. The said principles, which reveal the quality of corporate governance, have been adopted by the Company. The CMB Resolution No. 48/1588 dated December 10, 2004 requires companies that are traded in the Istanbul Stock Exchange (ISE) to include statements related to their conformance with mentioned Corporate Governance Principles in their annual reports and on their websites (if any), starting with their 2004 annual reports. In accordance with the resolution in question, Arçelik A.Ş. set up an in-house team to examine the compliance with these principles, and as a result, information on Compliance with Corporate Governance has been included in its annual reports and on its website since 2004. The Corporate Governance Principles were revised pursuant to Corporate Governance Communique No. 11-17.1 of CMB, which was published in the Official Gazette on January 3, 2014.

In addition to complying fully with the obligatory principles set out in the Corporate Governance Communique No. 11-17.1, which is still in effect in 2019, the Company has complied with the majority of nonobligatory principles as well. Although the goal is to achieve full compliance with all nonobligatory principles, this is not yet achieved due to several reasons including the challenges encountered in the implementation of some principles, ongoing arguments both in Turkey and in other countries about compliance with specific principles, and the unsuitability of certain principles with regard to current structures of the market and the company. Studies are ongoing on the principles which are yet to be implemented. The Company plans to implement these principles after the completion of the administrative, legal and technical infrastructure studies in a manner that will contribute to the efficient governance of the company. Explained below are the comprehensive studies conducted within the scope of corporate governance principles of our company, and the principles with which compliance is yet to be ensured along with the conflicts of interest, if any, created by the noncompliance issue in question.

The studies conducted on Corporate Governance in 2019 are in compliance with the Capital Market Law and related regulations on the corporate governance principles of the CMB, and with the communiqués issued in accordance with this Law. The necessary amendments to articles of association to comply with the New Turkish Commercial Code and Capital Market Law have been approved in our Ordinary General Assembly meeting held on March 28, 2013. Our board of directors and committees of the board of directors were selected in our 2019 Ordinary General Assembly meeting in compliance with the provisions of the Corporate Governance Communique. Independent membership candidates were elected and their names were publicly announced before the general assembly. The election was held in full compliance with the regulations. The Board of Directors' Committees are efficiently conducting their operations. Remuneration Policy for Board of Directors and Senior Executives was reassessed and approved by the Ordinary General Assembly. Three weeks before the Ordinary General Assembly meeting held on March 19, 2019, we prepared the general assembly information sheet in which we provided the necessary information to our shareholders about privileged shares, voting rights, and organizational changes along with the resumes of nominees for Board Members, remuneration policy for Board of Directors and Senior Executives, associated party transactions and other required information. The information on all of our related activities was provided to the Board of Directors, and the decision to continue with the said activities was rendered with the approval of our independent board members. In addition, we reviewed the Company's corporate website and annual report, and made the necessary changes to ensure full compliance with the principles.

In the forthcoming period, we will conduct any necessary studies by taking into account the improvements made in the legislation to ensure compliance with the principles.

The Company's corporate governance rating by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) was 9.53 on a 10 point scale (95.35%) as publicly announced in our disclosure of material events on July 20, 2018. The rating was later updated by SAHA on July 19, 2019 to 9.58 on a 10 points scale (95.80%).

Our Corporate Governance Rating has been determined as a result of an evaluation made under four main topics (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted based on CMB's Corporate Governance Principles. Below is the current distribution based on the four main topics:

Main Sections	2018 Rating	2019 Rating
Shareholders	9.52	9.51
Public Disclosure and Transparency	9.72	9.87
Stakeholders	9.91	9.95
Board of Directors	9.25	9.27
Total	9.53	9.58

The report issued by SAHA on the corporate governance rating is available on our Company's website at www.arcelikas.com. In the report issued on July 19, 2019, SAHA described the factors affecting the change in the ratings as follows;

- The Operating Principles of the Committees under the Board of Directors
- Meeting attendance ratio of the Members of the Board of Directors
- Rate of Capacity Utilization

Our Company has been included in ISE (BIST) Corporate Governance Index since July 31, 2009.

Corporate Governance Principles Not Yet Implemented

Arçelik A.Ş. believes in the importance of full compliance with Corporate Governance Principles. However, full compliance with some of the principles has not yet been achieved due to the challenges encountered in the implementation of some principles, ongoing arguments both in Turkey and in other countries about compliance with specific principles, and the unsuitability of certain principles with regard to current structures of the market and the company. For example,

- Concerning the principle no. 1.5.2; minority rights were not given to those that have less than one twentieth of the capital in the articles of association, however, the said minority rights were given within the framework of general regulations in the legislation.
- Concerning the principle no. 4.3.9; no target ratio or target time is determined for the female member ratio in the Board of Directors, and evaluations are still ongoing regarding the issue. Detailed information on this topic is provided in part 5.1.
- Concerning the principle no. 4.4.5; although the Company has processes in place on how to hold board of directors meetings, we do not have a written in-house regulation specific to this topic.
- Concerning the principle no. 4.4.7; as explained in part 5.1 below, there aren't any restrictions for the members of the board of directors to handle other tasks apart from the company.
- Concerning the principle no. 4.5.5; the assignment of duties within the committees is performed in accordance with relevant regulations, taking into consideration the know-how and experience of our members of the board of directors. Only one independent member of the board of directors have been assigned to duty in two committees at once. Members serving in multiple committees ensure inter-committee communication between committees working on related issues and increase the opportunities for cooperation.
- Concerning the principle no. 4.6.1; no specific study was performed for the purpose of performance evaluation at the board of directors level.

- Concerning the principle no. 4.6.5; payments made to the members of the board of directors and managers with administrative responsibility are publicly disclosed in accordance with the general practices set out in our Ordinary General Assembly meeting and in the footnotes of our financial statements.

Full compliance with nonobligatory principles is not ensured and the Company is not subject to any conflicts of interest.

The 2019 Corporate Governance Compliance Report (CGCR) and the Corporate Governance Information Form (CGIF), prepared in accordance with Decision No. 2/49 of the CMB dated January 10, 2019 with the approval of our Company's Board of Directors are included in this report. The documents in question may be accessed via our Company's corporate governance page on the Public Disclosure Platform, (<https://www.kap.org.tr/tr/cgjf/4028e4a240e95dc90140ed55b43900cf>).

Efforts to ensure full compliance with the corporate governance principles are ongoing, and a corporate governance action plan has been developed to focus on areas which still need improvement in corporate governance implementations as determined in the Corporate Governance Rating Report for Arçelik A.Ş. prepared by SAHA.

SECTION II: SHAREHOLDERS**2.1. Investor Relations Department**

The tasks of the Investor Relations Department related to the communication between the Company and investors are carried out by Hande Sarıdal, Finance Director; Faik Bülent Alagöz, Capital Markets Regulation Compliance Manager and Orkun İnanbil, Investor Relations Manager; under the coordination of Polat Şen, Assistant General Manager of Finance and Accounting. With the Decision of the Board rendered on March 28, 2019, Polat Şen was assigned as a member of the Corporate Governance Committee.

License certificates of the Investor Relations Department staff in 2019 are listed below:

Name-Surname	Title	Type of License Certificate	License Certificate No.
Polat Şen	Assistant General Manager-Finance and Accounting	-	-
Hande Sarıdal	Finance Director	Capital Markets Activities Advanced Level License	202801
Faik Bülent Alagöz	Capital Market Regulation Compliance Manager	Capital Markets Activities Advanced Level License Corporate Governance Rating License	203781/700495
Orkun İnanbil	Investor Relations Manager	-	-

Contact information of Investor Relations Department staff in 2019 is below:

Polat Şen
Assistant General Manager - Finance and Accounting
0212 314 31 00
polat.sen@arcelik.com

Faik Bülent Alagöz
Manager - Capital Market Regulation Compliance
0212 314 31 03
bulent.alagoz@arcelik.com

Hande Sarıdal
Finance Director
0 212 314 31 85
hande.saridal@arcelik.com

Orkun İnanbil
Manager-Investor Relations
0212 314 31 14
orkun.inanbil@arcelik.com

Fax : 0212 314 34 90

e-mail : yatirimciiliskileri@arcelik.com - investorrelations@arcelik.com

Activities carried out in 2019 in order to provide detailed information to investors about the Company's operations are summarized in the table below:

Number of investor conferences and roadshows held in Turkey and abroad:	9
Number of interviews held with investors and analysts:	435
Number of teleconferences held organized for the disclosure of financial results as of the end of 2018 and the first 9 months of 2019:	4
Number of press meetings held organized in Turkey and abroad:	17

The major duties of the Investor Relations Department are:

- Keeping records of shareholders in a proper, secure and up-to-date manner,
- Responding to shareholders' oral or written queries for information regarding the company, excluding undisclosed information, which is considered a trade secret and is therefore confidential,
- Ensuring that the General Assembly meetings are held in accordance with the applicable legislation, articles of association and other internal regulations,
- Preparing documents to be used by shareholders during the General Assembly meeting,
- Keeping records of election results and ensuring that all reports related to election results are delivered to shareholders,
- Observing and monitoring all issues regarding public disclosures, including applicable legislation and the company's disclosure policy,
- Attending meetings held at company headquarters as well as other local and international meetings arranged by various organizations, and informing investors of these meetings,
- Providing information to analysts who conduct evaluations about the company,
- Responding to information requests made by academicians who carry out research on the company and industry,
- Preparing the content, both in Turkish and English, to be posted on the investor relations section of the company's corporate website (www.arcelikas.com), updating the page as frequently as possible, and ensuring that shareholders are able to access company information easily and quickly via Internet,
- Making available up-to-date information on the corporate website on statements which may affect the use of shareholders' rights,
- Filing material events disclosures through the Public Disclosure Platform (PDP) in accordance with the Capital Markets Board (CMB) Communiqué No. 11-15.1,
- Monitoring amendments made to the applicable legislation related to the Capital Market Law, and bringing these to the attention of relevant departments in the company,
- Representing the company at the Capital Markets Board, Istanbul Stock Exchange, and Central Registry Agency (CRA).

The report prepared regarding the activities conducted by the Investor Relations Department in 2019 was approved by the Corporate Governance Committee to be submitted to the Board of Directors on February 20, 2020.

2.2. Use of Shareholders' Rights to Obtain Information

The relevant legislation, articles of association and other internal regulations are applicable in the use of rights of shareholders and necessary measures are taken to ensure the use of these rights, and all shareholders receive equal treatment. In Arçelik A.Ş., the Investor Relations Unit operates under the authority of the Assistant General Manager of Finance and Accounting. The primary goal of the company is to ensure that shareholders exercise their right to obtain information in a fair and just manner. Furthermore, the Company allows its shareholders to exercise their rights to which they are entitled as partners, fully and on time.

The Company ensures that no discrimination among shareholders occurs in the use of their right to obtain and evaluate information. Each shareholder has the right to obtain and evaluate information.

The queries directed to the Investor Relations Unit, excluding undisclosed information that is considered confidential and trade secret, are responded via phone or in writing by obtaining information from the highest authority on the related subject. As explained in Part 3.1 of this report, the company website includes all the necessary information related to the use of shareholders' rights.

In an effort to extend the shareholders' rights to obtain information and enable them to exercise their rights correctly, up-to-date financial statements along with necessary information and documents are provided on the Company's website (www.arcelikas.com), available in English and Turkish. In the previous fiscal year, oral or written information requests submitted by shareholders have been responded without discrimination among shareholders in accordance with the Capital Markets Regulation.

Material event disclosures required to be submitted to the PDP along with financial statements and other company information are submitted digitally, bearing electronic signatures.

Although the Company's Articles of Association do not include any provisions regarding the right to demand the services of a private auditor as an individual right, section 438 of Turkish Commercial Code states that each shareholder may demand the general assembly to clarify certain matters, even when they are not in the agenda, through a special auditing process if necessary in terms of exercising the rights as shareholders, and if the right for obtaining or evaluating information had previously been exercised. The Company has yet to receive such a request. In addition, the operations of the Company are periodically audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., an independent auditing firm (a member firm of Ernst & Young Global Limited) elected during the General Assembly meeting.

2.3. General Assembly Meetings

In order to ensure attendance of maximum number of shareholders, announcements for General Assembly meetings are made through all available means of communication, including electronic media, at least three weeks in advance. The Articles of Association of our Company are prepared accordingly.

In addition to the announcement of General Assembly meetings and other announcements and disclosures, which are required by the applicable legislation, the following matters are announced to our shareholders on the Company website:

- a) The total number of shares and voting rights, which reflect the shareholding structure of the company, as of the date of announcement,
- b) Changes to any management or business activities of the company or the company's subsidiaries and affiliates, which may affect any business activities carried out in the previous fiscal year or are planned for the upcoming fiscal year;
- c) Detailed information about the new nominees of the Board of Directors, and the reasons for the discharge, change or nomination of any members of the Board of Directors if the agenda of the General Assembly meeting includes these topics;
- d) Requests of shareholders, Capital Markets Board (CMB) and/or other institutions and organizations related to the company for the inclusion of items on the agenda,
- e) The previous and current versions of the articles of association and the relevant decision of the Board of Directors if the agenda of the General Assembly meeting includes any amendments to the articles of association.

As part of the obligation stipulated in paragraph (c), information on the resumes of individuals to be nominated to the Board of Directors; their employment history for the past ten years and reasons for leaving their previous employment; the nature and prominence of their relationship with the company and its affiliates, and whether they can be considered as independent nominees, and information about the possible impact on the company if the nominees in question get elected as members of the Board of Directors.

All shares of the company's capital stock are registered shares. A fact sheet on the agenda items is prepared and disclosed to the public on the company's corporate website and PDP prior to the General Assembly meeting. General Assembly meetings are open to the public, including stakeholders and members of the media, provided that they do not have the right to speak at the meeting as per the Company's Articles of Association.

The Company has held 1 Ordinary General Assembly meeting in 2019.

In the Ordinary General Assembly meeting held on Tuesday, March 19, 2019, the Company's operations in 2018 were discussed, and 59,069,834,647 shares (87.42%) out of 67,572,820,500 shares, which is the total of Company's capital, were represented both physically and digitally. The Company's shareholders (either in person or by proxy), stakeholders and members of the media attended the meeting. Representatives from several intermediary institutions and banks providing settlement and custody services attended the meeting as observers. In the General Assembly meetings, questions posed by shareholders are answered. If any question posed is not related to the agenda or is too complicated to answer during the meeting, the answers thereto are provided by the Investor Relations Unit in writing. No questions that require a response in writing was posed during the General Assembly meeting held on Tuesday, March 19, 2019.

- In accordance with the procedures set out in the relevant legislation along with the Articles of Association, the General Assembly meeting was announced at least three weeks prior in PDP, in the Turkish Trade Registry Gazette, on the company's corporate website, on the Electronic General Assembly System, and on e-company in an effort to reach the highest possible number of shareholders.
- All announcements comply with Corporate Governance Principles.
- The announcement date of the General Assembly meeting, financial statements and reports including the annual report, the proposal for dividend distribution, information on the agenda of the General Assembly, supplementary documents pertaining to the agenda, the current Articles of Association along with the amended version, if any, are all made available to shareholders at the company headquarters and on the company's corporate website for the convenience and open review of shareholders.
- The Company prepares a clear agenda of the General Assembly to avoid any ambiguities and misunderstanding. Such information consists of references and citations pertaining to the agenda items to be discussed.
- Sample powers of attorney are posted on the company's corporate website for shareholders represented by proxy.
- Voting procedures are announced prior to the meeting and shareholders are duly informed via the company's corporate website.
- In the General Assembly meeting held on Tuesday, March 19, 2019, the company did not receive any requests from shareholders for any additional items to be included on the agenda.

General Assembly meetings are held by using the simplest and most cost effective method to avoid inequality among shareholders. The Company makes it easy for both its domestic and international shareholders to participate in General Assembly meetings.

In addition, all documents containing information about General Assembly meetings and the topics discussed in these meetings are translated into English for the convenience of the Company's foreign shareholders. The translated documents are then sent via the respective banks that handle the transactions for foreign shareholders, and are made available on the company's corporate website.

The company makes every effort to hold its General Assembly meetings at a location that is close to the city center for greater participation and convenience. The number of participants is tracked annually and the meeting venue is selected according to the number of participants. The Ordinary General Assembly meeting was held on March 19, 2019 at the following address: "Divan İstanbul Elmadağ, Asker Ocağı Caddesi No: 1 34367 Şişli İstanbul". The location of the General Assembly meeting was easily accessible to all shareholders. Invitations to attend General Assembly meetings are issued by the Board of Directors in accordance with the provisions of the Turkish Commercial Code (TCC), Capital Market Law and the Articles of Association. Resolutions made by the Board of Directors for the convention of General Assemblies are shared with the public via disclosures announced in the PDP.

As per the provisions of CMB, it is obligatory to disclose financial statements to the public within 11 weeks after the end of the fiscal year. However, the Company usually discloses its financial statements much earlier. The financial statements for 2019 year-end were disclosed within the 6th week. Following the disclosure of financial results, preparations for the General Assembly meeting start and the meeting is held after the completion of required legal procedures. This year's General Assembly meeting will be held within three months after the end of the fiscal year. During General Assembly meetings, items on the agenda are conveyed to shareholders in detail in a clear and easy to understand manner; a proper environment for discussion is created where shareholders are provided with equal opportunities to express their opinions and pose questions. For the featured items on the agenda, related board members and other persons, and authorized persons and auditors who are responsible for preparing the financial statements participate in the General Assembly meeting in order to answer questions and provide any necessary information.

The shareholders are given the opportunity to make comments and recommendations regarding the remuneration of the company's Board of Directors and senior managers.

The General Assembly is provided with information on processes, if any, related to the permission acquired by shareholders having the governance control, members of Board of Directors, managers with the responsibility of administration and their spouses and first and second-degree relatives at the General Assembly to perform tasks within the Company's area of operation in line with sections 395 and 396 of Turkish Commercial Code. There were no transactions that might cause a conflict of interest between the mentioned persons and the publicly traded company and its subsidiaries under principle no. 1.3.6. of the Corporate Governance Communique in 2019.

Pursuant to section 415 (4) of the new Turkish Commercial Code No. 6102 and section 30 (1) of the Capital Market Law No. 6362, it is no longer a requirement to store share certificates to acquire the right to participate in the general assembly or to cast a vote. Therefore, our partners who wish to participate in the General Shareholders' Meeting are not required to block their shares before the Central Registry Agency.

In General Assembly meetings, votes of shareholders on agenda items are recorded in the minutes of meeting. Each agenda item is voted separately at the meeting. The General Assembly is conducted under the supervision of a Commissioner from the Ministry of Commerce.

The General Assembly is provided information about donations and aids made by the Company to foundations and associations for social relief as a separate agenda item. In the ordinary general assembly meeting held in 2019, information on the donations and aids made in 2018 was provided as a separate agenda item. The upper limit for donations in 2019 was determined as 0.2% (two per thousand) of last year's revenue and there has been no change in the donation policy.

The minutes of General Assembly meetings are posted on the corporate website and are also made available to shareholders at the company's headquarters upon request.

2.4. Voting and Minority Rights

The voting procedures at General Assembly meetings are announced to shareholders at the beginning of the meeting. Activities that may complicate voting rights are avoided by the Company and all shareholders, including those residing abroad, are provided with the opportunity to exercise their voting rights in the most appropriate and convenient manner.

The Company's Articles of Association do not include any special voting privileges. Each share is entitled to one vote. No legal entity that is an affiliate of the Company is included among the Company's shareholders. The Articles of Association do not contain any provisions which prevent a non-shareholder from acting as a proxy in voting on behalf of a shareholder.

Shareholders representing the minority shares form the Management together with majority shareholders by their participating in General Assembly meetings. In 2019, our company has not received any criticisms or complaints concerning this issue. Minority rights are described in the Articles of Association as having less than one-twentieth of the capital.

2.5. Dividend Rights

Our dividend distribution policy, which was approved by the shareholders as the 6th Agenda item in the Ordinary General Assembly meeting held on March 27, 2014, reads:

"Our company performs dividend distribution in accordance with the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations, other relevant legislation, and the section regarding dividend distribution in our Articles of Association. The distribution of dividends is based on a balanced and consistent policy between shareholders and corporate interests in accordance with Corporate Governance Principles. As a principle, 50% of the distributable term profit (calculated as per the Capital Market Regulations) is distributed in the form of cash and/or bonus shares to the extent allowed by the relevant regulations and financial facilities as long as they have provisions in the existing resources specified in our legal records on the basis of market expectations, long-term corporate strategy, investment and finance policies, profitability and cash position. The purpose is to distribute dividends within one month after the General Assembly meeting, in which a decision on the date of distribution of dividends is rendered. The General

Assembly or Board of Directors (if so authorized) may decide on the distribution of dividends in installments in accordance with the Capital Market Regulations. The Articles of Association of the Company states that The Board of Directors may distribute dividends in advance provided that it is authorized by the General Assembly, and that it complies with Capital Market Regulations."

The Company's dividend distribution policy is included in the Annual Report and posted on the company's corporate website.

The company's profit distribution process is carried out in accordance with the TCC (Turkish Commercial Code) and CMB, within statutory time frames. Based on our financial statements for the fiscal year between January 1, 2019 and December 31, 2019, the Shareholders' Ordinary General Meeting held on March 19, 2019 resulted in the decision to withhold the distribution of dividends in 2019; to allocate as a reserve fund the current year profit of TRY 1,146,044,956.92, which was calculated in accordance with the Tax Procedure law records; and to transfer to retained earnings the net profit of TRY 855,841,911.90 shown in the financial statements prepared in accordance with the principles of TMSAITRS, all in an effort to increase our company's free cash flow, optimize our financial expenses, and strengthen our balance sheets in the existing high-interest rate environment.

2.6. Transfer of Shares

The Articles of Association do not include any provisions which prevent shareholders from transferring their shares or restrict the transfer of shares in any way. The CMB regulations are applicable in the takeover of the Company's registered shares traded in the stock market.

SECTION III: PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

The Company uses its corporate website (www. arcelikas.com) actively in order to communicate more effectively and rapidly, and to remain in communication with its shareholders in accordance with the CMB Principles. The information provided online is updated regularly. The information posted on the company's website is the same as and/or consistent with the material event disclosures made in accordance with the applicable laws. They are complete and do not contain any contradictory information.

In addition to the information publicly disclosed as required by the applicable laws, the company's website provides the following information: trade registry information, the latest partnership and management structure, the notification about the non-issuance of any privileged shares, the latest version of the company's Articles of Association along with the issue date and number of the Turkish Trade Registry Gazettes in which any amendments are published; material event disclosures, financial statements, annual reports, registration statements and IPO circulars, agenda items of the General Assembly meetings along with a list of attendants and meeting minutes, proxy voting form, dividend distribution policy, disclosure policy, company codes of conduct, and answers to frequently asked questions. The company website also contains related information dating back 5 years.

The company website is available in both Turkish and English in compliance with the content and design requirements set by the CMB Principles. It is the responsibility of the Investor Relations Department to prepare, update and contribute to the content posted on the Investor Relations section of the company's website. The Company makes every effort to provide better service to its investors with its corporate website.

The company is controlled by the main partner Koç Holding A.Ş., the Koç Family and the companies owned by the same.

3.2. Annual Report

The Company Board of Directors prepares the company's detailed annual reports to ensure that the public is able to access complete and accurate information about the company's business activities as required by the Corporate Governance Principles.

In addition to the information required to be included by the applicable law and the Corporate Governance Principles, annual reports contain the following:

- a) Information on the positions held by members of the Board of Directors outside the company, which are listed in their resumes, and the statements of independence belonging to independent members,
- b) Information on the names of members of the Board of Directors committees, the frequency of meetings held and the tasks carried out,
- c) Information about corporate social responsibility activities of the company which have social and environmental consequences, and an impact on the social benefits enjoyed by employees and the vocational training they receive.

SECTION IV - STAKEHOLDERS

4.1. Informing Stakeholders

Stakeholders are defined as third parties who are directly involved with the Company. The company provides information to its stakeholders on matters of interest by holding meetings or teleconferences. The Company is aware of the long-term benefits of working in cooperation with its stakeholders, and respects the rights of its stakeholders granted by applicable laws, mutual arrangements and contracts. The corporate governance structure of the Company allows all its stakeholders, including employees and representatives, to communicate their concerns regarding illegal or unethical practices to the company's senior management. The Audit Committee is tasked with responding to complaints received by the Company. The Internal Audit Department also responds to complaints and communicates them to the Audit Committee.

The audit committee determines the methods and criteria to be implemented regarding the review of the complaints received about the accounting and internal control system and independent audit of the Partnership, and handles any notifications submitted by partnership employees in relation to the partnership's accounting and independent audit procedures in compliance with the confidentiality policy.

The Company employees and nearly 3,000 dealers that form the dealership network of the Company in Turkey constitute the major stakeholders group that is in direct business relationship with the Company. The company regularly informs its employees through activities, communiques, circular letters, regulations and written notifications, and holds regular "Dealer Meetings" throughout the year to keep its dealers up-to-date on business activities and campaigns, company policies, targets and recent economic developments, and to create a more effective system by listening to the dealers' problems and concerns.

In addition, we continuously work towards strengthening our collaboration with our 6000 direct and indirect suppliers, whom we consider a significant part of our supply chain and stakeholders, through the Technology and Innovation collaboration days, supplier days, supplier trainings, audits, visits, Arçelik corporate website and our supplier portal. As part of these efforts, we hold a general briefing about Arçelik's vision, strategy, business goals and prospective business activities along with the Company's expectations from its suppliers related to sustainability.

Employee relations are carried out through union representatives in accordance with the collective labour agreement. The Company is a member of the Metal Industrialists Union (MESS) and the blue-collar employees of the Company are members of the Turkish Metal Workers Union. The Collective Labour Agreement, which covers all unionized Arçelik employees and will remain in effect from Sunday, September 1, 2019 to Tuesday, August 31, 2021, was signed on Wednesday, January 29, 2020.

4.2. Stakeholders' Participation in the Company's Management

Through a recommendation system, call center, website, regular face-to-face meetings for both employees as internal customers and dealers as external customers, various mechanisms and models are in place to support the participation of stakeholders, including, in particular, the company employees and dealers, in the company's management activities in a manner that would not interrupt the operations of the company.

To encourage the participation of stakeholders in management activities, stakeholder demands determined through the tools like "recommendations and surveys" are taken into consideration in the operations of the company. The opinion and approval of the Labor Union are obtained before any changes are made regarding employee rights, working conditions and workplace environment, and the decisions in this regard are made collectively. The Company also encourages its dealers, who are in close contact with the company, to participate in the company's management activities by holding "Dealer Meetings".

The Company considers customer and supplier satisfaction among its top priorities. The Company monitors customer satisfaction regularly and issues reports. The Company respects the confidentiality of customer and supplier data, which are considered as trade secrets. The customer satisfaction policy of the company described below is shared with stakeholders in writing, and all processes including the management process, are designed in accordance with this policy.

As Arçelik Pazarlama A.S. we have adopted a customer-oriented approach in which customer requests and suggestions for all of our brands we provide service to are easily communicated through various channels (call center, e-mail, our websites www.arcelik.com.tr, www.beko.com.tr, www.grundig.com.tr, www.altus.com.tr, fax, letter, live chat, WhatsApp, social media, dealer), and are collected in a single traceable, reportable, transparent and safe information pool. The records, in this regard, are handled and evaluated in compliance with the relevant legislation in an objective, fair and confidential manner in which processes are continuously monitored to ensure an exceptional customer experience. In line with this approach, all processes are integrated into the management system, and a self-monitoring structure is established, allowing management targets to be set based on this system.

Arçelik Customer Contact Center, which puts the customer in the center of all business processes, aims to provide its customers with the best service experience 24/7.

The main duty of the Customer Contact Center to transmit customer feedback related to the services / products of Arçelik brands to other units, and to contribute to the production of new products that will meet customer expectations.

Our call centers in Turkey continued to offer services to our brands in Germany and Austria and the hours of operation of the Contact Center were extended based on our customer-oriented approach in our global operations, which help us become a leading international service provider.

Since 2017, we have continued to measure the quality of service offered to our customers by our call center by utilizing the internationally-accepted NPS methodology.

We provided many disabled young people with employment opportunities as part of the "Home Agent" project, one of our social responsibility projects.

CRM activities through outbound calls help us create additional revenue through customized campaign notifications.

We continue to serve our international and domestic customers through Asist Destek, Koç Finans and Arçelik IT HelpDesk operations. Our IT HelpDesk team provides support in Turkish and English 24/7 in 12 local and 17 overseas locations.

To ensure process optimization, the Customer Contact Center centralized several processes including request management, a move which resulted in maximum efficiency.

In an effort to ensure the same quality standard for each call we receive from our customers, the "Call Centralization" project was launched in 2019. In this sense, customer calls to all authorized service phone numbers are automatically diverted to our call center. Calls made to the phone numbers of our 259 authorized services (approximately 50%) were diverted to the call center in 2019. Centralization will be expanded to the whole of Turkey within 2020.

In 2019, the Scripting Project was launched via CRM. With this project, agents were provided with recommendations on how to speak to customers, which helped meet customer expectations with minimum mistakes. The project focuses on employee experience, resulting in shorter process times and product training programs. The Scripting Project focuses on providing training on the scope of the work, the philosophy behind the work and brand awareness, which will help increase customer satisfaction.

In 2019, we switched from the Contact Center to the Appointment Routing program and started to give appointments to all of our customers, which was a first in the history of Arçelik.

We continued to provide our dealers with uninterrupted assistance from our new lines with the introduction of our new 0850 and 0549 assistance support lines.

24/7 services are provided for our customers via WhatsApp and various social media platforms.

Our internal social media team started to monitor customer comments on platforms such as Ekşi Sözlük and others.

In line with the strategy of positioning ourselves as the single point of contact for the customers; the management of our incoming calls were outsourced to 3 separate companies.

Our whole CRM and infrastructure system was changed, and 'Salesforce', our new CRM program, and 'Cisco', our new the infrastructure program, were activated.

Thanks to various process optimization efforts regarding our websites, brand e-mail addresses, draft mail contents, guidelines and online sales channel, and to adopting simpler customer request procedures and integrating 'Salesforce' into many different processes, the Customer Contact Center managed to provide better/faster customer service and to increase productivity.

The duration of the customer representative training program was reduced thanks to the changes made to the curriculum to employ more easy to understand methods.

As part of our project to turn customer complaints into customer satisfaction, our customers who filed complaints on our products or services were welcomed at our İstinye Park and other Omni experience stores to re-experience our brand. Every effort was made to offer our customers a unique experience to regain customer loyalty.

As part of the transition to Appointment Routing program, all our authorized service providers were offered support and coordination in the areas of Service, Region, project team and IT support.

As part of Omnichannel, various activities were performed, such as sending video links through systems that make the lives of our customers easier, responding to frequently asked questions on the community platform, air-conditioner purchase experience, etc.

Our managers and employees worked together with customer representatives to respond to calls as part of the "Call Center Day" activities carried out at various locations of the Contact Center for the purpose of helping each of our departments to experience firsthand the demands of our customers and to develop a customer-oriented perspective.

Our Live Chat channel and WhatsApp corporate support line were activated. Service is provided to customers by allowing them to contact us through all channels throughout Turkey.

As a result of our achievements, we were recognized as the world leader in the "Best Customer Services", "Best Contact Center" and "Best Customer Loyalty Program" categories in 2017 in the CONTACT CENTER WORLD contest, which is considered as the OSCARS of the industry.

In 2018, we achieved the top ranking in Europe in the "Best Call Center", "Best Customer Loyalty Program", and "Best Partnership (Outsource)" categories, and ranked second place in Europe in the "Best Customer Services" category.

We received the 2018 IMI Conferences - "Most Prestigious Call Center" award.

In line with the Company's "unique customer experience and reliable service" vision, the Customer Services Directorate operates in 81 provinces and 227 districts with 11,200 authorized service employees, 5,900 service technicians and a fleet of 5,100 service vehicles at 600 points of contact. In 2019, approximately 15 million service requests were met. A wide network of high-quality services supports loyalty to Arçelik brands.

General meetings are organized with the authorized services with the participation of senior management. During these meetings, company policies and strategies are shared and studies are conducted for a sustainable cooperation by getting the opinion and suggestions of the authorized service providers.

The activities in 2019 were audited by the Turkish Standards Institute (TSE) and received the Customer-Friendly Organization and Customer-Friendly Brand certifications. As a result of the these audits, 42 Authorized Service providers of Arçelik were granted with the "Customer-Friendly Organization" (MDK) certification. In the second phase of project, "Arçelik" and "Beko" brands of Arçelik received the "Customer Friendly Brand" (MDM) certification as a result of inspections conducted in related departments. The business activities will be annually audited by independent auditors with a focus on sustainability.

The Customer Services Directorate focuses on providing the customers with a reliable service experience by setting standards in line with the corporate structure of Arçelik. In this context, Arçelik Authorized Service personnel are dressed in accordance with the corporate dress code while on duty. Service units are designed and updated for greater comfort to provide customers with high-quality services. Services are provided by fully-trained technicians for products requiring expert level service.

Arçelik aims to increase the perceived quality and the quality of service through efforts on developing concept services. In this sense, new and welcoming product sales and service spaces were designed in an effort to create an innovative and strong image, and to increase the level of customer satisfaction. Arçelik designed fully-equipped kitchens at concept service locations to allow customers to have direct experience with the products and to receive one-on-one instruction from expert technicians on how to use the products.

Based upon our concept services, our service units are designed and updated for greater comfort to provide the customers with high-quality service. In order to enhance the quality of service offered to customers, we have set up in service stations welcoming registration areas, customer experience areas, small domestic appliance repair/registration areas, accessory stands, lounges, signboards, signalization and personnel ID tags.

With the service-provider-on-duty practice, Arçelik Customer Care makes a difference by working on weekends and statutory holidays. These authorized services also work until late hours on weekdays. The service providers on duty provide services until late hours during the week in order to ensure ease of service for working customers. Arçelik Customer Services Directorate, which aims to improve the processes by ensuring a more effective service at every point of contact that enables our customers to reach our company, continuously develops and updates its technological infrastructure for this purpose and monitors the service steps offered to customers. With the ROTAM project launched for this purpose, the Company aims to ensure the assignment of appointments through all channels, and an effective and efficient management of the workforce and route optimization. Customers who reach the Call Center can schedule their own appointment times using the advanced digital system. Thanks to the new generation appointment application system, Arçelik also contributes to the time scheduling of customers. Arçelik Authorized Services assigns appointments with 2-hour intervals in line with the initiatives of the customers thanks to the ROTAM project. The service time intervals are also notified to the customers via SMS.

Changes were made in the product exchange process and organization, and the process was centralized to ensure the implementation of optimal and standard practices. Exchanges are approved and controlled by a central unit. A project was initiated and several teams were formed to ensure a shorter product exchange experience for customers. This resulted in 18% shorter processing times compared to previous years. Arçelik customers can receive information on assigned technicians via SMS using the Find My Technician App as well as map locations through a link. A photo of the technician is sent to the customer to allow the customer to recognize the specific technician assigned with the task. SMS reminders are sent to the customer on the time of appointment along with a link that provides information on the location of the technician and estimated time of arrival. Basic information on the contact number and the

appointment are shared with the customer through this app. The app, which supports Arçelik's service motto "on time as promised, first time fix, with expert technicians", was made available all across Turkey in December 2019.

The "Assistant Technician" system, which dispatches service technicians online to ensure that the problems are solved swiftly and with a single visit, has been implemented. Information is shared with customers via SMS for tracking the movement of products and parts while the customer response process is ongoing. This means added value for customers by providing accurate information in a timely manner.

If requested by the customer, authorized service locations offer additional warranty as well as various term options.

11 million receipts are issued by Authorized Services for the services provided by our customers within the scope of the warranty. All of these receipts were checked and approved by Data Control Teams managed by 12 Regional Directorates throughout Turkey affiliated with Customer Services Directorate. After system improvements and automation procedures, Data Control Teams now operate centrally under the same roof. The calibration in this structure resulted in a 67% increase in efficiency.

Technical assistance services are provided for 27,500 models of products that have been sold in Turkey over the years. After-sales services are certified with ISO 10002 Customer Satisfaction Quality Management System Certificate. The quality of services provided to customers is regularly measured by using the Net Promoter Score (NPS) method. As a result, corrective and preventive actions are taken based on feedbacks.

The technical staff members of the authorized services are trained and certified by the Technical Training Department (Service Academy). In 2019, a total of 350,000 person-hours of training were provided for 11,200 authorized service employees. In addition to hands-on training methods and training modules based on personal evaluations, individual-based training management system was employed in line with new training technologies. With improved remote training methods, we were able to ensure both efficiency and continuity in training programs offered.

Arçelik focuses on reinforcing the connection between professional training and employment. In line with this approach, the Company developed "Arçelik Electrical Household Appliances Technical Service Program" to equip workers with knowledge on the most recent developments and emerging technologies in Turkish electrical household appliance industry. For this purpose, the Company has implemented an industry-first program in Turkey in the Electrical Household Appliances Technical Service Staff category for establishing and maintaining training-employment relationship. The program aims to provide training to students at Arçelik Laboratories to allow them to work as major appliance and air conditioner technicians.

Within the scope of the program implemented in collaboration with the Ministry of Education and Professional and Technical Education General Directorate, Arçelik Laboratories are equipped with state-of-the-art measuring devices and other equipment used in technical services offered for electrical household appliances. The first phase of the program was completed from 2011 to 2014 and the second phase covers 2015 to 2019. The program started with 4 vocational schools in the 2011-2012 academic year, and expanded to nine vocational schools in Istanbul, Diyarbakir, Trabzon, İzmir, Ankara, Bursa and Tatvan in the 2015-2016 academic year.

The number of graduates of the program was 115 in 2013, 112 in 2014, 208 in 2015, 216 in 2016, 216 in 2017, and 209 in 2018. In the 2018-2019 academic year, a total of 239 students were attending the program, including 100 grade 11 and 139 grade 12 students. At the end of the 2017-2018 academic year, the total number of graduates reached 1,076 and 116 students were recruited by Arçelik Authorized Services based on their requests. The teacher and student training programs offered as part of the program are carried out by Arçelik Marketing Transformation & Customer Experience Directorate and Customer Services Technical Training - Turkey (Service Academy) unit within the scope of Arçelik Service Academy Training Program. At Arçelik Electrical Household Appliances Technical Service department, 65 technical trainers have provided 21,280 person-hours of technical training at Arçelik Turkey Service Academy since 2011. The training programs will continue as needed.

Arçelik Service Academy received the gold medal in the Best Technical Education Program category and the bronze medal in the Best Education & Development Strategy category at the international The Stevies Best Employers Prize Program.

At Arçelik Pazarlama A.Ş. Spare Parts Department;

- We covered a distance of 4,800,000 km to reach the service locations.
- We have one of the largest warehouses in the sector with a total area of 73,000 m², of which 62,000 m² is for central and 11,000 m² is for regional use.
- A total of 20,319,247 materials were dispatched in 2018.
- A total of 23,102 vehicles were dispatched in 9 months in 2019.
- Customer satisfaction was ensured by increasing the number of service shipments to 6 times per week in Istanbul and 3 times per week in Western Thrace and Western Black Sea regions.

We schedule the delivery of spare parts to our domestic and international customers based on their specific needs in the shortest time possible thanks to our sensitive logistics operations.

Focusing our efforts on efficiency in Stock and Logistics management, we carry out customer-oriented processes with the support of the most suitable software.

By utilizing the most recent production technologies, we work towards providing our customers with difficult-to-obtain and obsolete materials that can be produced using 3D technology.

By actively using digital communication channels with authorized service providers, we make any required improvements and respond promptly to problems on site. We inform our suppliers about the feedback received based on our sustainable order management principles.

All our employees participate in these processes in line with our principles on customer satisfaction, productivity and continuous improvement. For this purpose, scheduled training programs are offered to employees in their respective fields.

4.3. Human Resources Policy

Arçelik implements globally-accepted principles and strives to achieve the goal of ensuring continued success and transmitting its sustainable values to future generations. Our shared objectives in line with the vision "Respects the Globe, Respected Globally" aim to help us conduct our business with integrity, to create a working environment without any discrimination or unfair treatment, and to ensure that individuals from different backgrounds, cultures and perspectives work together to develop new ideas and solutions towards creating a reliable and sustainable global value chain.

Established in accordance with the Company strategies, shared values and codes of conduct, the Human Resources Policy of Arçelik A.Ş. was documented and shared with the employees of our local and foreign affiliates. The Director of Human Resources is responsible for establishing and implementing the principles of the company's human resources policy, managing employee relations and implementing the human rights principles.

Arçelik A.Ş. recruits talents based on specific criteria. Designed for this purpose, the Arçelik Leadership Profile, which includes 'Grow', 'Respect' and 'Lead' skills, is described below:



Explained below are our fundamental principles which inspire our Human Resources Policy. We carry out our activities in Human Resources in line with these principles:

- There is a global/local balance in human resources systems and practices. As an international company, we respect the laws, practices and requirements of each country. If there is a conflict between our Human Resources policies and the local legislation of a country, the provisions of the local legislation of the related country will prevail.
- The Human Resources Policy of Arçelik A.Ş. is fully aligned with the company's business strategies and responds to future needs in addition to current organizational requirements.
- All Human Resources Policies and Practices respect and support human rights and require the company to avoid any discrimination and to create equal opportunities for its employees. Arçelik A.Ş. does not discriminate based on ethnic origin, race, language, religion, age, gender, sexual orientation, nationality, disability, culture or political affiliation. This principle is accepted company-wide and no formal employee complaints regarding the existence of any discrimination have ever been received. Arçelik A.Ş. Code of Conduct and Codes of Practice, Arçelik A.Ş. Personnel Regulation and all relevant policies put forward binding rules, and the company ensures that these rules are implemented to permanently prevent any potential discrimination and physical, mental and emotional abuse in the workplace.
- All human resources practices are implemented based on fairness, consistency and reliability. In line with this principle, job descriptions, salaries, performance and reward system criteria intended for the employees are announced to the employees in accordance with the determined schedule, and it's ensured that all employees are informed equally. In line with its organizational competence requirements, Arçelik A.Ş. develops training programs to meet the needs of all hourly and salaried employees, and offers these training programs to employees on their first day on the job. Within the scope of the training process, which begins with orientation, functional competencies are improved/supported with theoretical and technical training programs while social skills are developed/supported with skill-building activities. These programs are offered globally through online training platforms.
- Career planning for employees are made in accordance with their specific knowledge, skills and capabilities. Annual human resources planning meetings are held in order to identify critical positions and potential employees that would carry the company to the future, and the performance of potential employees is monitored in order to support their development and get them ready for their possible future roles. There are succession plans in place for all management positions and potential employees are included in these plans. This helps us train the right candidates to managerial positions and prevent any interruptions in the corporate management system in case of any possible changes in these positions. In 2019, 8% of our employees have completed the rotation, assignment and promotion processes.
- For the purpose of continuously improving Human Resources Standards, Human Resources Practices are revised systematically and regularly, and Human Resources processes are re-structured based on the latest developments and the feedback received.
- At Arçelik A.Ş., opinions of the relevant workers union are obtained and mutual understanding is ensured before any decisions are made regarding the human resources policy changes and system revisions intended for unionized employees. All unionized employees of the Company are informed of the changes.
- Personal information of the employees is kept confidential in accordance with the legislation. Aiming to meet current and future business needs in employee recruitment and placement processes, Arçelik A.Ş. offers equal opportunities in line with its ethical principles to all candidates with appropriate education, knowledge, skills, competence and experience.

The 2019 year-end total number of employees in Turkey and abroad is stated in the table below.

Number of Employees At The End Of 2019	Total
Turkey	16,411
International	15,123
Total Arçelik Group	31,534

The average length of service and age of employees in Turkey is 9.6 years and 35.8 years, respectively.

With the training and development processes, the Company aims to improve its performance by working effortlessly in line with the company's vision and business targets. The Company aims to utilize its internal resources in an efficient and effective way to meet the current and future needs of the employees regarding their career development.

In 2019, our employees received 569,585 hours of training. The average duration of training per person was 51 hours for salaried employees and 28.2 hours for hourly employees, with an average of 33.6 hours in total.

Arçelik A.Ş. believes that corporate success is based on team work and collaboration along with personal success. Accordingly, the company uses different development and management systems to improve the performance of its employees in compliance with the company targets. The activities in this area are explained in the Global Organization section of the Annual Report.

Aiming to increase employee motivation, commitment and productivity, Arçelik A.Ş. evaluates, rewards, recognizes and promotes any and all successful works, inventions and/or suggestions that would benefit the Company, and encourages the best practices and critical behaviors in this respect. In line with its business approach, the company establishes a fair employment policy, regulations and competitive understanding in compensation management.

With the awareness that commitment to work is one of the factors that determine happiness in professional life, Arçelik continues to hold online surveys once a year in Turkey and twice a year in other countries. 90% of the Arçelik employees participated in the Employee Loyalty Survey conducted in 2019. The result of the general loyalty index was 69% which has been the highest result achieved in the last five years. Based on the survey results, the Company continued its beneficial practices that were started in previous years, and developed projects to improve these business practices further.

Employee and manager discussions called 'Improvement Dialogues' were held and many activities designed for the families of the employees were organized. The high-school students in families were provided with the Seize the Future @ training in programming, and Arçelik Career Days were organized to help young students choose a career path under the guidance of experts and engineers. The biennial family activities, attended by all employees with their families, were organized this year as well. Arçelik held family-oriented activities to help hourly employees socialize and support the perception of value among employees, and held various seminars in several facilities throughout the year.

The Company organized Technology Days for its employees to visit other facilities to ensure knowledge-sharing among the technology group, and provide on-site evaluation and feasibility assessment of technological applications. The Technical Academy was established to prepare technicians for the future, and advanced and extensive improvement programs were offered to firmly ensure the continuity of the expertise-based organization.

Arçelik supports female employees through the Women Impact program. Arçelik designs many activities in order to strengthen the role of women in business life, support female employees throughout their careers, increase employment rates and reinforce the relations and support system among female employees of Arçelik. In this context, the "She Mate" mentorship program was launched to help women adapt to the workplace after coming back to work from maternity leave. Arçelik also launched Women in Leadership and Integral Leadership special development programs to support the leadership development of female employees, and continued these activities in 2019.

"Gender Embedded in Language and Behaviors" workshops and seminars were held in all locations to raise awareness for the phrases that result in gender discrimination embedded in language and behaviors.

Kizcode Program designed for Arçelik employees' children aged 11 to 15, has offered training programs in coding and animation. The program aims to help girls gain a wider perspective on technology and digitalization, discover their talents, and bring their projects to life on various platforms.

The father support program aims to strengthen family communication. Trainings sessions were held to minimize sexist behaviors.

Industrial Relations

Arçelik A.Ş. respects and supports the rights of its employees to organize and form unions in accordance with the company's industrial relations policy. The company focuses on maintaining the peaceful working environment created on the basis of mutual trust between its employees and unions and by respecting the applicable laws and collective bargaining agreements. The Company takes into account the local conditions, customs and practices, which are specific to the regions and countries in which it operates, in order to maintain the peaceful working environment created, despite the fact that these local conditions, customs and practices are usually not included in the agreements into which the company has entered.

With its Industrial Relations Policy, the Company treats labor unions as social stakeholders rather than adversaries. Therefore, the Company focuses on establishing a good relationship with labor unions and acting in concert with them. Providing better working conditions for the social stakeholders is an important goal of the Company. In addition to complying with all relevant regulations, the Company ensures the inclusion of specific clauses on better working conditions, occupational health and safety, maternity, survivor, education and marriage grants in collective bargaining agreements, and focuses on the implementation of these clauses.

Listed below are the benefits provided to all unionized and nonunionized Arçelik A.Ş. employees in Turkey in accordance with the relevant provisions of the Collective Labor Agreement in order to ensure a peaceful working environment and employee loyalty:

- 4 bonus payments every year,
- Fuel allowance,
- "Leave allowance" before annual leaves,
- "Special allowance" before religious holidays,
- Monthly childcare allowance,
- Individual financial assistance including childbirth, marriage, funeral, military service and education allowance.
- Social leaves include the following: Marriage Leave, Funeral Leave, Maternity Leave, Natural Disaster Leave.
- Transportation and daily food allowances, which are offered in-kind,
- Complementary Health Insurance,
- Annual leave entitlements are specified under collective bargaining agreements. All unionized and nonunionized employees are entitled to annual leaves longer than those provided under the law.
- Starting positions and wages of unionized employees are determined based on the type of work they perform according to the collective bargaining agreement.

The Collective Labor Agreement, which will remain in effect from September 1, 2019 to August 31, 2021, was signed on January 29, 2020 between the Turkish Metal Workers Union and the Turkish Metal Industrialists Union (MESS), of which we are a member.

Occupational Health and Safety (OHS)

Our late founder Vehbi Koç's motto "Our most important asset is our human resources" is one of the fundamental principles of Arçelik's corporate vision. Protecting the health and ensuring the safety of our employees and visitors in our facilities are among our most important priorities. We manage our OHS efforts in accordance with the requirements of the relevant legislation and the Arçelik OHS Policy, with a special focus on continuous improvement.

Arçelik Occupational Health and Safety Policy:

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 the occupational health and safety management system based on continuous improvement. We aim to:

- Analyze and minimize the occupational health and safety risks in the workplace,
- Provide training programs to raise and increase awareness on occupational health and safety issues,
- Take measures to achieve a zero work accident rate and a zero occupational disease rate, and to increase productivity as part of our Quality and Environmental Management Systems. We strive to set an example in the durable goods sector with our efforts in occupational health and safety.

In accordance with our OHS Policy, OHS issues are included in the business targets set by relevant departments and employees, and monitored throughout the year thanks to our performance management system. The annual Arçelik Occupational Health and Safety Action Plan, which focuses on specific topics along with the projects designed in relation to those topics, ensures compliance with the relevant legislation to prevent potential occupational accidents and health problems.

In 2019, the Accident Frequency Rate, which indicates the frequency of occupational accidents based on the total actual working time, was recorded as 1.45 with a decrease of 51 %, and the Accident Severity Rate, which indicates the loss of working days due to occupational accidents based on the total actual working time, was recorded as 0.035 with a decrease of 30%.

Arçelik supports its employees in establishing ongoing communication related to OHS both with each other and with their managers, and provides guidance on OHS issues.

Aiming to achieve "zero work accident rates and zero occupational disease rates" for all its employees, Arçelik uses various methods and tools to prevent work accidents and occupational diseases, including engineering solutions such as security and automation systems developed to prevent accidents and diseases in the design and planning stages; health checks performed on its employees before and after recruitment, and personal protective equipment.

In 2019, a total of 141,865 person-hours of training on legislative requirements and technical issues was provided by occupational safety specialists and occupational physicians in all Arçelik facilities.

Arçelik's General Directorate and all Arçelik production facilities received their first global management system certificate following the inspections of ISO 45001 Occupational Health and Safety Management System Standard carried out in our national and international locations in 2019.

The Front Wall and Back Cover Lean Manufacturing and Accident Prevention Project used in the Washing Machine Operations in 2019, received an award in the "Golden Proposal" category by the Turkish Metal Industrialists Union (MESS) in the MESS ISG Contest, which recognizes the most successful occupational health and safety practices.

4.4. Code of Conduct and Social Responsibility

The company aims to ensure customer satisfaction, offer world-class products and services by using natural resources efficiently, and thus contribute to economic and social development. In addition, the company strives to be a global role model for credibility, continuity and respectability for all its stakeholders, namely its customers, shareholders, employees, suppliers, dealers and authorized service providers.

We adopt as our guiding principles the following standards established by Vehbi Koç, the founder of Koç Group:

- Our Customers are the focus in everything we do,
- Our fundamental goal is to always be the best,
- Our most important capital is our human resources,

- Our goal is to create wealth for continuous development,
- We strive to strengthen the Turkish economy from which we derive our own strength,
- Superior business ethics and honest working principles are the foundations of our business conduct.

The company has based its Global Occupational Ethics Principles and other relevant policies on the above-mentioned principles in order to help guide its employees and other representatives of the Company in their decision making process and business activities.

In 2019, Arçelik A.Ş. Ethical Conduct Rules and Application Principles were updated based on the developing and growing structure of Arçelik A.Ş., and became Global Occupational Ethics Principles and Relevant Policies. With our Global Occupational Ethics Program, various channels were created to report potential violations to be evaluated by the Law and Compliance Directorate via the ethics line in our production countries, and via electronic mail and web in all other countries. By means of these channels, it will be possible to report the actions that do not comply with the aforementioned Compliance Program of Arçelik. As Arçelik A.Ş. we undertake to handle all reports confidentially and protect the identity of those who report the violations.

In order to fully comply with the Global Occupational Ethics Principles, Arçelik designed a training program that includes all its employees. Our CEO leads the re-organized Global Ethics Committee, which shows that the approach of the senior management is directly associated with our ethical culture.

Arçelik A.Ş. complies with the human rights and employee rights directives set forth by international initiatives to which the Company is a voluntary member. The Company ensures that its approach and practices are audited by independent audit companies. The Company is a part of Koç Group, which has signed the United Nations Global Compact and complies with the human rights and employment standards principles therein. The Company discloses to its stakeholders its performance in this area in its annual and sustainability reports.

According to our updated Occupational Ethics Principles, Arçelik undertakes to act in compliance with the United Nations Global Principles Agreement, OECD Multinational Corporations General Principles and the Universal Declaration of Human Rights, regardless of whether these principles are adopted in the countries in which it operates.

Our Company does not discriminate based on ethnic origin, race, language, religion, age, gender, nationality, disability or culture, and accepts everyone as equals. This approach starts with the recruitment policy and is based on the idea of matching individuals with the right jobs, equal pay for equal work, merit-based promotion and equal opportunities for all. Respect for human rights is at the center of all human resources processes. In this sense, we provide our employees with a non-discriminating and fair working environment where employees have equal opportunities, there is mutual trust and respect for human rights, and where a merit-based payment and additional benefits policy is implemented and our employees' right to organize unions and engage in collective bargaining is ensured.

We commit to act in accordance with the laws and regulations to offer equal rights and prevent discrimination throughout the value chain, secure a non-discriminating work environment and prevent “Child Labor and Forced Labor” in line with the labor legislation in addition to our own internal policies. We take due care to ensure that the policies applicable to the Company also apply to the relationship with our employees. Our company expects from all its employees to behave in a manner that would contribute to the cultural integrity of our company, and strengthen and increase its reputation and corporate structure. All of our employees and business partners, including our temporary employees, are required to comply with the Global Occupational Ethics Principles and Relevant Policies. Our Global Occupational Ethics Principles and Relevant Policies are available to the public on our website.

A copy of our Global Occupational Ethics Principles and Relevant Policies are provided to Arçelik A.Ş. employees in exchange for their signature on their first day on the job. In addition, training sessions on Arçelik's Global Occupational Ethics Principles and relevant Policies are offered to all our newly hired employees, and their progress in this regard is monitored regularly.

We attach great importance to the rules of conduct based on the basic principles set forth by Vehbi Koç, the founder of Koç Group, to maintain the continuity of the system. Arçelik A.Ş. Global Ethics Committee oversees the implementation of the Global Occupational Ethics Principles and relevant Policies. The Global Ethics Committee consists of the CEO (Chairman), CFO, Law and Compliance Director, Human Resources Director and relevant Assistant General Managers. The Director of Human Resources is responsible for regulating and implementing the human rights principles. Furthermore, it is under the responsibility of the management to display the required level of effort and leadership, to announce the Global Occupational Ethics Principles and relevant Policies to all employees, to ensure that the employees

focus on the importance on those policies, and to ensure that the all employees act in compliance with the principles at all times.

Occupational Ethics Principles shape the activities of Arçelik on the global arena. Therefore, our daily compliance with the Global Occupational Ethics Principles and relevant Policies is under the responsibility of the country manager of each regional location, which includes all commercial and functional activities in the respective regions. Our company CEO is responsible for the overall operation and management regarding compliance issues. “The Responsibility of the CEO” applies to all Global Occupational Ethics Principles and relevant Policies. All group companies, operations and all department managers are required to comply with these rules.

All stakeholders are expected to comply with the Global Occupational Ethics Principles and relevant Policies.

Arçelik A.Ş. is one of the first companies to sign the corporate social responsibility Code of Conduct drafted by the European Committee of Domestic Equipment Manufacturers (APPLiA). The Code of Conduct ensures the signing companies to achieve a sustainable performance concerning working conditions and environmental laws and standards, which are regulated by national laws and international conventions.

Furthermore, the Company has its production facilities audited by independent audit firms as part of a program based on the criteria set by the BSCI (Business Social Compliance Initiative) and Sedex (Suppliers Ethical Data Exchange) Social Responsibility Organizations, which are widely accepted in the EU. The company receives compliance reports at the end of these audits.

The company has adopted an approach, which focuses on protecting and preserving the environment and natural resources in cooperation with its partners for both production and non-production related activities while at the same time developing and manufacturing innovative products. In line with the Global Occupational Ethics Principles, the Company undertakes to comply with and set as the minimum standard the national and international legal requirements intended for the protection of the environment and human health. The company regularly offers training programs for its employees to raise awareness on the protection of environment and natural resources, and combatting climate change. The Company carries out projects with various Public and Non-Governmental Organizations in Turkey to raise public awareness, and continues to support existing projects and efforts in this regard.

The Company manages various different projects in the countries it operates in the areas of education, environment, responsible consumption, healthy nutrition, sports, gender equality, digitalization and access to technology, culture and arts to support social development. Acting with corporate citizenship awareness, the Company provides the sustainability of these projects thanks to the voluntary support provided by its employees, dealers and other business partners. The policies and projects implemented by the Company are explained in detail in the “Social Responsibility” section of the Annual Report.

The Company is gradually expanding its global presence in line with its business vision. Conscious of its responsibilities in this regard, the Company continues to improve by integrating sustainability into its business processes. The Company's aim with regard to sustainability is to focus on the social, economic, environmental and ethical dimension of its operations, and to integrate these into its corporate business targets, along with managing its operations in accordance with the sustainability principles set out in corporate policies and strategies. The company evaluates the risks and opportunities regarding sustainability and considers the expectations of its domestic and international shareholders as an important input for its operations.

Established with the purpose of setting out corporate sustainability and climate change policies and strategies, and ensuring their integration with the company's business processes and the monitoring of its sustainability performance, the Sustainability Committee is responsible for managing sustainability issues. Members of the Committee, with the participation of the Senior Management of Arçelik, control and coordinate the sustainability activities in their respective fields and chair the Sustainability Working Groups. Consisting of managers and experts in the field, the Sustainability Working Groups are responsible for implementing the decisions rendered by the Sustainability Committee and reporting the performance and developments in their field to the Committee. Sustainability Working Groups are led by the Sustainability and Formal Relations Director. 8 separate working groups were established to ensure the implementation of the Sustainability Committee decisions and to report related developments, including the Environmental Coordination, Energy Coordination, Climate Change Coordination, Green Chemistry Coordination, Occupational Health and Safety, Human Rights and Business Ethics, Value Chain Management and Sustainability Reporting Committees. Arçelik ensures that the decisions rendered regarding climate change by the Sustainability Committee, which was established with the purpose of setting out corporate sustainability and

climate change policies and strategies, and ensuring their integration with the company's business processes and the monitoring of its the sustainability performance, and the Climate Change Coordination Committee working under this Committee are implemented and expanded.

The Sustainability Committee reports the issues it considers important to the Board of Directors. In 2017, Koç Holding A.Ş. Head of Durable Consumer Goods Group Fatih Kemal Ebiçlioğlu, a member of the Board of Directors, was tasked with informing the Board on the sustainability activities of the company. In 2019, Koç Holding Head of Durable Consumer Goods Group Fatih Kemal Ebiçlioğlu and Arçelik Sustainability and Formal Relations Director Fatih Özkadı were tasked with reporting to the Board the activities of the Sustainability Working Group.

For the purpose of sharing information with its shareholders about the Company's priorities, practices and business results in sustainability in an efficient and transparent way, Arçelik has published a “Sustainability Report” in accordance with Global Reporting Initiative (GRI) standards annually since 2008. Arçelik 2018 Sustainability Report, prepared in accordance with the GRI Standards Core option, includes information on the company's activities on ethics and compliance system, shareholder management, employee rights and talent management, responsible production and consumption, R&D and innovation, sustainability management in the value chain, social gender equality, training programs and other social development issues. The Company's efforts regarding the climate change crisis are explained in the Annual Report's “Environmental Approach to Products and Production” section.

Arçelik A.Ş. is listed in Borsa Istanbul (BIST) Sustainability Index created on November 4, 2014. Arçelik's Annual Report and Sustainability Report are available to the public on the company website at www.arcelikas.com.

SECTION V: BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

Members of the Board of Directors (MBD)

MBD Name-Surname	Title	Independence Status	Date of Assignment	Period of Duty	Functions in Board of Directors and Committees	Tasks out of the Company
Rahmi M. Koç	Chairman	Not Independent Member	19.03.2019	1 year	Chairman of the Board, Chairman of the Executive Committee	Board Membership for Group and Non-group Companies
Ömer M. Koç	Deputy Chairman	Not Independent Member	19.03.2019	1 year	Deputy Chairman of the Board, Member of the Executive Committee	Board Membership for Group Companies
Semahat S. Arsel	Member	Not Independent Member	19.03.2019	1 year	Board Member, Member of the Executive Committee	Board Membership for Group Companies
Ali Y. Koç	Member	Not Independent Member	19.03.2019	1 year	Board Member, Member of the Executive Committee	Board Membership for Group Companies
Levent Çakıroğlu	Member	Not Independent Member	19.03.2019	1 year	Board Member, Member of the Corporate Governance Committee	Board Membership for Group Companies
Robert Sonman	Member	Not Independent Member	19.03.2019	1 year	Board Member	Board Membership for Non-group Companies
Fatih K. Ebiçlioğlu	Member	Not Independent Member	19.03.2019	1 year	Board Member, Member of the Risk Management Committee	Board Membership for Group Companies
Hakan H. Bulgurlu	Member, General Manager	Not Independent Member	19.03.2019	1 year	Board Member	Board Membership for Group Companies
K. Ömer Bozer	Member	Independent Member	19.03.2019	1 year	Board Member, Committee Chairman Responsible for Audits	Board Membership for Group and Non-Group Companies
M.M. Gülay Barbarosoğlu	Member	Independent Member	19.03.2019	1 year	Board Member, Chairman of the Risk Management Committee	
M. Cem Kozlu	Member	Independent Member	19.03.2019	1 year	Board Member	Board Membership for Group and Non-Group Companies
Ahmet Turul	Member	Independent Member	19.03.2019	1 year	Board Member, Chairman of the Corporate Governance Committee, Member of the Committee Responsible for Audits	Board Membership for Non-group Companies

The table above contains information on the non-executive Board Members with the exception of Mr. Hakan Hamdi Bulgurlu, General Manager, as defined by the CMB Corporate Governance Principles.

Pursuant to the Articles of Association, the activities of the Company are carried out by the Board of Directors which consists of at least five members to be elected by the General Assembly in accordance with the Turkish Commercial Code and the Capital Markets Board regulations. According to the decision rendered in the General Assembly meeting held on March 19, 2019, the Board of Directors will be composed of 12 members, including 4 independent members.

In accordance with the provisions stipulated in section 4.3 of the Capital Markets Board's Corporate Governance Principles regarding the Structure of the Board of

Directors, necessary amendments in the Articles of Association were made by the General Assembly on March 29, 2012 to allow the inclusion of independent members in the Board of Directors.

The Board Members are elected based on their efficient and constructive efforts, and their ability to make quick and rational decisions, and to organize the activities of the committees effectively.

In accordance with sections 395 and 396 of the Turkish Commercial Code, the approval of the General Assembly was obtained on March 19, 2019, allowing Board Members to carry out on their own or on behalf of others the activities that are included in the company's field of activity, or to partner with other companies that carry out such activities.

The tasks of Board Chairman and General Manager are performed by two different persons. The Company ensures that the Board Members spend sufficient amount of time on the Company's activities; however there are no requirements that restrict the members from performing other tasks outside of the Company. As the business experience and sector specific knowledge of independent members make a significant contribution to the Board of Directors, no such restriction is deemed necessary. Prior to the General Assembly meeting, information about the personal background and previous positions of the members is shared with the shareholders. The Annual Report includes the resumes of Board Members, General Manager and Assistant General Managers.

The tasks of the Candidate Nomination Committee and the Compensation Committee are carried out by the Corporate Governance Committee in our company. The names of four independent member nominees were submitted to the Corporate Governance Committee during the General Assembly meeting held on March 19, 2019. The statements of independence and resumes of these member nominees were reviewed, and with the decisions rendered by the Corporate Governance Committee and the Board of Directors on January 15, 2019 and January 16, 2019, respectively, all the member nominees were announced as independent nominees. With the approval of the Capital Market Board issued on February 4, 2019, the 4 independent member nominees (Kâmil Ömer Bozer, Müzeyyen Münire Gülay Barbarosoğlu, Mehmet Cem Kozlu and Ahmet Turul) were elected to serve as independent members of the Board of Directors for 1 year by the General Assembly on March 19, 2019. There were no circumstances in 2019 that would require the 'independent member' title of these elected members to be removed.

Following the General Assembly meeting held on March 19, 2019 in which Members of the Board of Directors were elected, the Chairman and Vice Chairman of the Board of Directors were assigned to their positions.

All the members of the Board of Directors have extensive professional experience in the sector. The company is expected to benefit from the high level of diverse knowledge and experience possessed by the members of the Board of Directors. Members of the Board of Directors are able share and express their opinions freely without any influence.

We believe that ensuring the diversity of knowledge, experience and opinion in the Board of Directors will make positive a contribution to the efficient operation of the Board of Directors and to our business activities. We are working towards determining a target ratio for the number of female board members to ensure that different opinions are represented in the Board of Directors.

Ms. Semahat Sevim Arsel and Ms. Müzeyyen Münire Gülay Barbarosoğlu are currently the 2 female members of our Board of Directors, and the ratio of the female members of our Board is 17%.

5.2. Operating Principles of Activity of the Board of Directors

The Board of Directors holds meetings as and when required by the Company. The Board of Directors held 4 actual meetings in 2019 with an attendance rate of 97.92%, and 30 separate decisions were rendered by the Board of Directors throughout the year. Independent board members have approved all of these decisions. Different opinions expressed in the meetings of Board of Directors and reasons for the counter votes, if any, are recorded. Detailed information about the reasons for the counter votes is disclosed to the public. Each member of the Board of Directors is entitled to one vote. In the Board of Directors meetings held in 2019, no disclosures on this matter have been made to public as there were no counter votes or different opinions expressed.

The agenda of the Board of Directors is determined by informing the Company's Senior management and the Board Members by related departments about the matters that require a decision from the Board of Directors pursuant to the relevant legislation. The agenda may also include matters with high importance that are brought to the attention of the senior management by the board members. The matters to be discussed in the Board of Directors meetings are gathered and consolidated by the office of the Assistant General Manager of Finance and Accounting before being put on the agenda.

Arçelik A.Ş. Finance and Accounting Assistant General Manager is tasked with determining the agenda of Board of Directors' Meetings, issuing resolutions of the Board of Directors, informing the Board Members, and facilitating the communication.

The meetings of the Board of Directors are held in the Company's head office, or in another suitable place in the city in which the head office is located. Important decisions of the Board of Directors are announced to the public by the Public Disclosure Platform (PDP) and are posted on the company website in both Turkish and English.

The Company works with subsidiaries and affiliate companies. As we believe that it would benefit the Company to have the Board Members participate in the management of these companies, there are no restrictions regarding this matter.

The provisions regarding the company's Board of Directors are clearly stated in the Articles of Association. Detailed information about the signing authority is included in the Company's signatory circular.

The Board of Directors has a leading role in maintaining efficient communication between the company and its shareholders, and resolving any disputes that may arise. For this purpose, the Board of Directors works in close cooperation with the Corporate Governance Committee and the Investor Relations Unit.

"Manager Liability Insurance" is available for the members of the Board of Directors and senior managers of our company.

The Board of Directors oversees the Company's activities and evaluates any possible conflicts of interest along with the potential impact of such conflicts on the Company, and takes the necessary course of action to safeguard the interests of the Company. The Board also evaluates the compliance of related party transactions with the applicable regulations, and assesses potential risks of misconduct with due diligence.

5.3. The Number, Structure and Independence of the Committees Established Under the Board of Directors

Pursuant to the Articles of Association, the Board of Directors may establish advisory, coordination, audit and other similar committees or sub-committees, which consist of its members and/or non-members, on any subject that it deems suitable provided that relevant legislation provisions are observed.

In the election process of members to the committees formed after the Ordinary General Assembly meeting held on March 19, 2019, the provisions stipulated in section 4.5 of the CMB's Corporate Governance Principles were observed.

"The Audit Committee" was formed to ensure that the Board of Directors fulfills its mandate and responsibilities. The Audit Committee regularly carries out its activities in compliance with the Capital Markets Regulation and the CMB Corporate Governance Principles. All members of the Audit Committee have been elected from among independent board members. The committee consists of 2 members, including Mr. Kâmil Ömer Bozer, who was appointed to serve as the chairman, and Mr. Ahmet Turul, who was appointed to serve as a member. An internal Audit Committee, which was formed for the purpose of auditing the operation of accounting and reporting systems to monitor compliance with the applicable laws and regulations, the public disclosure of financial statements, and the operation and efficiency of internal audit systems, held 4 meetings in 2019.

Tasks, Responsibilities and Working Principles of the Audit Committee;

- Designating the independent audit firm, drafting of independent audit agreements, initiation of the independent audit process, and supervising the activities of the independent auditor,
- Evaluating the activities of the independent audit firm based on the independence criteria, statement of independence, and any additional services that may be provided by the firm,
- Evaluating the feedbacks submitted to the Committee by the independent audit firm related to the independent audit along with other important issues on the accounting policy and its implementation, any alternative applications and public disclosure options related to the CMB's accounting standards and accounting principles previously notified to the Company by the independent auditor along with possible outcomes and implementation proposals, and important communications between the partnership management and the audit firm,
- Reviewing and resolving the complaints regarding the Company's accounting, reporting and internal control systems and independent audit processes; determining the methods and criteria applicable to the assessment of the statements by the Company employees on accounting, reporting, internal control and independent audit in line with the principle of confidentiality,
- Notifying the Board of Directors in writing about the annual and interim financial tables to be disclosed to the public, and informing the Board about the independent auditor's own views along with the views of the Company's managers on the accuracy and compliance of these financial tables with the accounting principles, and
- Performing other tasks assigned to the Committee in accordance with the CMB Regulations and the Turkish Commercial Code.

Detailed information on the Tasks, Responsibilities and Working Principles of the Audit Committee is available at www.arcelikas.com.

In accordance with the Corporate Governance Principles issued by the Capital Markets Board, an internal Corporate Governance Committee was established for the purpose of monitoring the compliance of the Company, performing activities for improving compliance, and making related recommendations to the Board of Directors. The tasks of the Candidate Nomination Committee and the Compensation Committee are also carried out by the Corporate Governance Committee. On Thursday, March 28, 2019, Mr. Ahmet Turul, an independent board member, was appointed to serve as the chairman of the Corporate Governance Committee, and board member Mr. Levent Çakıroğlu and Mr. Polat Şen, Manager of the Investor Relations Department, were appointed to serve as members to the committee. The Corporate Governance Committee held 7 meetings in 2019.

Tasks, Responsibilities and Working Principles of the Corporate Governance Committee;

- Determining as to whether the corporate governance principles are implemented at the Company, the reasons for non-implementation, if any, and the conflicts of interest arising from failure to fully comply with these principles; making recommendations to the Board of Directors to improve corporate governance practices.
- Supervising the operations of the investor relations unit.
- Reviewing the "Corporate Governance Principles Compliance Report" to be disclosed to the public to check whether the information included therein is accurate and consistent with the information held by the Committee,
- Ensuring that the Corporate Governance Principles are developed, adopted and implemented in the Company; working on issues that may arise from non-implementation, and making recommendations to the Board of Directors on how to improve the degree of compliance,
- Keeping up to date with the Corporate Governance Principles implemented in different parts of the world and making recommendations to the Board of Directors on how to implement the necessary principles within the Company,
- Establishing a transparent system to nominate, evaluate and train suitable candidates to serve in the Board of Directors and other managerial positions with administrative responsibilities, and working to develop policies and strategies in this regard.
- Evaluating the nomination of independent board members, including the management and investors, determining whether the candidates meet the independence criteria, and submitting related assessments to the Board of Directors for approval.
- Carrying out evaluations for the election of independent members to temporarily serve in the Board of Directors until the first general assembly meeting is held in order to ensure that the minimum number of independent members is reached if there is a vacant seat on the Board; and informing the Board in writing about the results of the evaluation process.
- Regularly evaluating the structure and efficiency of the Board of Directors, and making recommendations to the Board of Directors on potential changes in this regard.
- Determining and monitoring the approach, principles and practices on the performance evaluation and career planning of the members of the Board of Directors and senior executives.
- Determining and monitoring the recommendations regarding the principles for compensating the Board of Directors and senior executives by taking into account the long-term goals of the Company.

- Establishing the criteria to be used in remuneration depending on the performance of the Company and the members.
- Making recommendations to the Board of Directors on remuneration to be given to the members of the Board of Directors and senior executives by taking into consideration their degree of fulfilling the criteria.

Detailed information on the Tasks, Responsibilities and Working Principles of the Corporate Governance Committee is available at www.arcelikas.com.

The Risk Management Committee was formed to make proposals and offer recommendations to the Board of Directors on early detection and evaluation of risks which may affect the company; determining their impact and likelihood; managing and reporting the risks in accordance with the company's risk appetite; taking actions for mitigating the impact and likelihood of risks, and creating and integrating effective internal control systems. Independent board member Ms. Müzeyyen Münire Gülay Barbarosoğlu was elected to serve as the Chairperson of the Risk Management Committee, and Board Member Mr. Fatih Kemal Ebiçlioğlu was appointed to serve as a member. The Risk Management Committee held 6 meetings in 2019.

Tasks, Responsibilities and Working Principles of the Risk Management Committee;

- Defining and evaluating the existing and potential risk factors that may impact the Company in reaching its goals within the context of Corporate Risk Management (ERM), and determining the principles on managing relevant risks in accordance with the risk-taking profile of the company, and ensuring that these principles are used in the decision-making mechanisms,
- Based on likelihood and impact calculations, determining the risks that will be kept and managed in the company, or shared or fully eliminated,
- Ensuring the integration of risk management and internal control systems into the corporate structure of the Company,
- Monitoring the risk management systems and ensuring that the relevant departments in charge of risk management operate in compliance with the committee decisions,
- Providing early identification of a technical bankruptcy, and advising the Board of Directors in this regard and making recommendations regarding measures to be taken, and
- Performing other tasks assigned to the committee by the CMB Regulations and the Turkish Commercial Code.

Detailed information on the Tasks, Responsibilities and Working Principles of the Risk Management Committee is available at www.arcelikas.com.

In order to establish an efficient coordination between the Board of Directors and the management structure, an Executive Committee has been formed. The duties of the Executive Committee include increasing the productivity of the Board of Directors, ensuring efficiency in business development and investment in line with the strategic goals of the Company, and offering suggestions and making recommendations in that regard. As it is not always possible for the Board of Directors to hold urgent and frequent meetings, the committee is tasked with informing the Board of Directors by keeping up to date with the developments within the Company and the sector in general; ensuring the coordination between the Corporate management structure and the Board of Directors; developing appropriate strategies and making recommendations to increase the efficiency of the Company's activities. Chairman of the Board of Directors Mr. Mustafa Rahmi Koç was appointed to serve as the Chairman of the Executive Committee, and board members Ms. Semahat Sevim Arsel, Mr. Mehmet Ömer Koç, Mr. Yıldırım Ali Koç and Ms. Caroline N. Koç were appointed to serve as committee members.

Tasks, Responsibilities and Working Principles of the Executive Committee;

- Ensuring the completion of any necessary preparations, analyses or evaluations regarding the impact on activities, financial aspect, legal situation and compliance with strategic priorities of important matters prior to their submission to the Board of Directors for approval,
- Ensuring the submission to the Company management any matters that are subject to approval by the General Assembly or a Board Decision in accordance with specified directives and policies,
- Making sure that the Company activities are performed in compliance with Board Decisions and annual business plans,
- Keeping up to date with the economic, social and political developments in the industry in which the Company operates to evaluate their impact, and developing strategies to increase the company's competitiveness,
- Determining potential opportunities in accordance with the strategies developed by monitoring the dynamics of the industry,
- Monitoring the strengths and weaknesses of the company through internal analyses along with the opportunities and threats through external analyses,
- Investigating internal and external growth opportunities that will help the Company reach its strategic goals,

- Supervising the functioning of the system that will enable the creation of Company business programs, their revision according to external developments and their use as performance criteria,
- Supervising the management of strategies and projects approved by the Board of Directors, and
- Evaluating important legal developments that may affect the Company's activities.

Detailed information on the Tasks, Responsibilities and Working Principles of the Executive Committee is available at the website www.arcelikas.com.

Detailed information about the duties, operation principles and members of these committees is made available to the public on the company website (www.arcelikas.com).

5.4. Risk Management and Internal Control Mechanism

The Board of Directors establishes and reviews the risk management and internal control systems regarding the identification and minimization of the impacts and likelihood of risks which may be imposed on the Company interests, especially those of the shareholders.

As a result of the decision rendered by Arçelik A.Ş. Board of Directors at a meeting held on July 16, 2010 for the purpose of ensuring efficient operation of committees within the body of the Board of Directors in accordance with section 378 of the Turkish Trade Law No. 6102 and the Corporate Governance Communique of the Capital Market Board, a Risk Management Committee was formed to ensure early identification of risks which may jeopardize the existence, development and continuity of the company, and the application of relevant actions concerning identified risks and managing those risks. Ms. M. M. Gülay Barbarosoğlu, Independent Member of the Board of Directors, is the chairperson of this Committee. The other member of the committee is Mr. Fatih Kemal Ebiçlioğlu, a member of the Board of Directors.

The Risk Management Committee held 6 meetings in 2019. The Risk Management Committee is tasked with making proposals and recommendations to the Board of Directors on the early detection and evaluation of risks which may affect the company; determining the impact and likelihood of risks, and managing and reporting these risks in accordance with the company's risk appetite; taking actions for mitigating the impact and likelihood of risks, and establishing effective internal control systems.

The Corporate Risk Management Directorate works under the supervision of the Assistant General Manager of Finance and Accounting and uses the risk management systems to manage, coordinate and supervise the financial, strategic, operational, compliance-related and other external risks which may affect the Company, and reports them to the Risk Management Committee.

The Internal Audit Department was formed under the Assistant General Manager of Finance and Accounting for the purpose of implementing internal auditing mechanism, and reporting information to the Auditing Committee at the meetings held during the year. The committee regularly supervises the execution and effectiveness of system and presents to Board of Directors the issues and suggested solutions regarding the risk management and internal control mechanism when required.

5.5. Strategic Targets of the Company

The Board of Directors of the company keeps the risk, growth and return equilibrium of the Company at an optimum level through the strategic decisions taken, and manages and represents the Company by safeguarding the Company's long-term interests with a smart and cautious risk management approach.

The Board of Directors sets the strategic targets of the Company, identifies the human and financial resources needed to reach the targets, and supervises the performance of company managers.

The Board of Directors monitors the compliance of the Company's activities with the relevant legislation, Articles of Association, internal regulations and policies.

The Company's Mission, Vision and Main Business Targets are as follows:

The mission of the company is to develop, manufacture, offer and provide easy to use, affordable, user-friendly and reliable products, which meet or exceed customer expectations; to provide after-sales services and continuously develop and grow in target markets by ensuring the satisfaction and long-term loyalty of the customers and employees; utilizing the resources in most efficient manner, and meeting the expectations of stakeholders in line with corporate values, targets and strategies of the Koç Group.

The company has adopted the vision "Respecting the Globe, Respected Globally". The Company "Respects the Globe" by manufacturing environmentally friendly products, respecting human beings and being aware of its responsibilities as a global manufacturer. The Company is "Respected Globally" because it aims high and exceeds the expectations.

The Company's main business goals are as follows:

- Ensuring a sustainable growth and increasing our share in the current markets while entering new markets
- Ensuring a level of profitability that will enable the sustainable growth of the Company
- Focusing on R&D, innovation, quality, design, brand and customers

- Improving our capabilities for offering pioneering, innovative and environment and climate sensitive products, solutions and technologies during the product life cycle to provide added value for our customers and the society, and
- Developing and maintaining global organization and capabilities by effectively managing differences of opinion with a human-oriented approach.

The Board of Directors evaluates and approves the Company's vision and main business goals. These goals are shared with the public in the annual reports, on the company's website and through meetings or statements made by using various communication channels along with PDP.

In accordance with the Company's Articles of Association, the Board of Directors holds meetings periodically in which the Company's targets and activities along with the performance recorded in previous fiscal years are discussed. In its meetings, the Board of Directors also discusses the current situation of the Company and develops new targets and strategies, if required.

5.6. Financial Rights

Our company's "Remuneration Policy for the Board Members and Senior Managers", which covers the rights, entitlements and remuneration of Board Members and senior managers along with the criteria and remuneration policies that are used to determine these rights, entitlements and remuneration, was made available to our shareholders for the first time on our website as a "Fact Sheet" three weeks prior to the Ordinary General Assembly meeting held on March 29, 2012. The policy in question came into effect after the said General Assembly meeting. The policy, which was discussed as an agenda item in the General Assembly meeting as part of the activities in 2018 and was made available to the public on our company website, will be on the agenda of the Ordinary General Assembly meeting in which 2019 activities will be discussed. Payments made within the framework of the Remuneration Policy to the Board Members and Senior Managers are evaluated annually by the Corporate Governance Committee and the Board of Directors. In the footnotes of our financial statements, the payments made to the Board Members and senior managers are announced to the public collectively in parallel with the common practices. There were no transactions that might cause a conflict of interest, such as granting loans and credits to our Board Members or managers, or providing securities on behalf of any of our members or managers.

Stock options or payment plans based on the Company's performance are not utilized for the compensation of Independent Board Members.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	x					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	x					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	x					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					x	There was no transaction notice in this way.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	x					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		x				Donations and aids were included in the agenda of the General Assembly with a separate article collectively and information was given about important donations.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	x					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	x					
1.4.2 - The company does not have shares that carry privileged voting rights.	x					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					x	Arçelik A.Ş. does not have a cross-ownership relationship that brings with it the domination relationship.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	x					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			x			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. There was no demand from investor regarding this issue.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	x					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	x					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	x					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	x					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	x					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	x					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	x					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	x					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	x					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	x					Since there are no legislative amendments that could significantly affect the Company's activities, and no conflicts of interest existed with the institutions that received services on such issues, no disclosure was made in the annual report.
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	x					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	x					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	x					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	x					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	x					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	x					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	x					
3.3.2 - Recruitment criteria are documented.	x					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	x					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	x					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	x					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	x					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	x					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	x					
3.3.9 - A safe working environment for employees is maintained.	x					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	x					
3.4.2 - Customers are notified of any delays in handling their requests.	x					
3.4.3 - The company complied with the quality standards with respect to its products and services.	x					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	x					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	x					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	x					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	x					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	x					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	x					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	x					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	x					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	x					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	x					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	x					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	x					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		x				Evaluation studies are still ongoing to determine a target ratio for the woman members of the board of directors that is a tool to ensure that different opinions are represented in the Board of Directors. Currently, Ms. Semahat S. Arsel and Ms. M.M. Gülay Barbarosoğlu participates in the Board of Directors as 2 woman member in compliance with the Corporate Governance Principles. The ratio of the woman board member is 17% level.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	x					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	x					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	x					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					x	Although there is a possibility to provide feedback, there has been no notification made by the board members who could not attend the meeting.
4.4.4 - Each member of the board has one vote.	x					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.			x			Although there have been consistently sustained processes in our Company for many years, there is no written internal regulations regarding this issue.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	x					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		x				Due to the significant contribution of the Board of Directors to the Board of Directors, the experience of the members of the Board of Directors is not limited to taking on other duties outside the company. Curriculum vitae of our board members are included in our annual report.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		x				The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members. Only one independent board member has been appointed on two committees. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	x					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					x	There is no consultancy service for this purpose.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	x					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			x			No specific study was conducted at board level performance evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	x					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			x			Payments made to the members of the Board of Directors and senior executives are disclosed to the public collectively in line with the general practices in the General Assembly and in our financial statements footnotes.

Corporate Governance Information Form

1. SHAREHOLDERS**1.1. Facilitating the Exercise of Shareholders Rights**

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	9 conferences were attended and 435 investors and analysts were informed.
---	---

1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/741770
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	It is presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/741284
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Policies / Donations Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/269764
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	14 - a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The General Assembly was made open to the public, including stakeholders and the media without the right to speak.

1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	40.51%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Policies / Compensation Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	It was accepted that, in accordance with the Capital Market Legislation, the article 18 of the Articles of Partnership and our Dividend Policy approved in the General Meeting dated 27.03.2014, the dividend distribution was not to be realized this year to increase the amount of free cash of our Company in an environment, in which the interest rate was high, to optimize the financial expenses and to enhance the balance structure.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/748665

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations received by the board of directors	The link to the related PDP general shareholder meeting notification
19/03 /2019	0	87%	0%	87%	Investor Relations / Corporate Governance / General Meeting / Minutes of Meetings	-	-	92	https://www.kap.org.tr/en/Bildirim/748665

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations / Company Overview, Financial Reports & Presentations, Stock Information, Latest Developments Investor Event Calendar, Corporate Governance, Policies & Merger, Partial Demerger & Debt Securities Issuance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Company Overview / Shareholder Structure / Real person and legal entities who indirectly controls more than 5% of capital.
List of languages for which the website is available	Turkish & English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors 2019 / Management 2019 / Statements of Independence of Independent Board Member Candidates.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.2. Activity Principles of Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	-
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such case.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such case.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Policies / Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Manager
The contact detail of the company alert mechanism	http://www.arcelikas.com/
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Investor Relations / Corporate Governance / Corporate Governance Reports / Corporate Governance Compliance Reports /
Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each colleague is taken as an anonymous questionnaire in the form of open-ended responses. With various communication meetings, information about the company is shared with employees, dealers and other stakeholders and questions and comments of these stakeholders are taken.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting the approval of the Chairman of the Board of Directors following the approval of the CEO.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Policies / Ethical Codes
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations / Financial Reports and Presentations / Annual Reports / Corporate Responsibility & Sustainability / Sustainability Report / Social Development
Any measures combating any kind of corruption including embezzlement and bribery	Principles related to the subject are included in the Arçelik Code of Ethical Conduct.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.4. Risk Management and Internal Control Mechanism
Name of the Chairman	Rahmi M. Koç
Name of the CEO	Hakan H. Bulgurlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	2 (17%)

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Mustafa Rahmi Koç	Non-executive	Not independent director	16.03.1967		Not applicable	No	Yes
Mehmet Ömer Koç	Non-executive	Not independent director	12.04.2005		Not applicable	No	Yes
Semahat Sevim Arsel	Non-executive	Not independent director	5.04.2006		Not applicable	No	Yes
Yıldırım Ali Koç	Non-executive	Not independent director	25.03.2009		Not applicable	No	Yes
Levent Çakıroğlu	Non-executive	Not independent director	25.03.2009		Not applicable	No	Yes
Robert Sonman	Non-executive	Not independent director	15.04.1994		Not applicable	No	Yes
Fatih Kemal Ebiçlioğlu	Non-executive	Not independent director	23.03.2015		Not applicable	No	Yes
Hakan Hamdi Bulgurlu	Executive	Not independent director	25.03.2016		Not applicable	No	Yes
Kamil Ömer Bozer	Non-executive	Independent director	19.03.2018	https://www.kap.org.tr/en/Bildirim/741770	Considered	No	Yes
Müzeyyen Münire Gülay Barbarosoğlu	Non-executive	Independent director	19.03.2018	https://www.kap.org.tr/en/Bildirim/741770	Considered	No	No
Mehmet Cem Kozlu	Non-executive	Independent director	19.03.2018	https://www.kap.org.tr/en/Bildirim/741770	Considered	No	Yes
Ahmet Turul	Non-executive	Independent director	19.03.2019	https://www.kap.org.tr/en/Bildirim/741770	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	97,92%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	There is no determination in this direction.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no determination in this direction.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/750635

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Kamil Ömer Bozer	Yes	Board member
Audit Committee		Ahmet Turul	No	Board member
Corporate Governance Committee		Ahmet Turul	Yes	Board member
Corporate Governance Committee		Levent Çakıroğlu	No	Board member
Corporate Governance Committee		Polat Şen	No	Not board member
Committee of Early Detection of Risk		Müzeyyen Münire Gülay Barbarosoğlu	Yes	Board member
Committee of Early Detection of Risk		Fatih Kemal Ebiçlioğlu	No	Board member
Other	Executive Committee	Mustafa Rahmi Koç	Yes	Board member
Other	Executive Committee	Mehmet Ömer Koç	No	Board member
Other	Executive Committee	Semahat Sevim Arsel	No	Board member
Other	Executive Committee	Yıldırım Ali Koç	No	Board member
Other	Executive Committee	Caroline Nicole Koç	No	Not board member

4. BOARD OF DIRECTORS-III**4.5. Board Committees-II**

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Nomination Committee are carried out by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Report of the Board of Directors and the Chairman's Message & Message from the General Manager
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Policies / Wage Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.6. Financial Rights

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	4
Corporate Governance Committee		66,67%	33,33%	7	7
Committee of Early Detection of Risk		100%	50%	6	6
Other	Executive Committee	100%	0%	12	12