
Arçelik

**Working
Principles of
Committees**

WORKING PRINCIPLES OF THE AUDIT COMMITTEE

1. FOUNDATION

Audit Committee was established by Decision of Our Company's Board of Directors dated 24.04.2003 and numbered 503 and within the scope of provisions included in Capital Markets Board (CMB) regulations. Then, working principles of the Audit Committee were reviewed by the Decision of Board of Directors dated 26.04.2012 in accordance with improvements in the Capital Markets Board regulations. The last date of update of the principles is 28.03.2019.

2. PURPOSE

The purpose is to disclose the operation of accounting and reporting systems in our company, to public within the framework of respective law and regulations and observe the operation and efficiency of independent audit and internal control system.

3. DUTIES AND RESPONSIBILITIES

Duties of the Audit Committee are:

- To select the independent auditing institution, to determine the scope services to be received from the independent auditing institution, to commence the independent auditing process by drafting the audit contracts, and to observe works of the independent auditing institution at every stage,
- To assess independent auditor's status against independency criteria, its independency declaration and the additional services that might be purchased from independent audit institution,
- To assess findings to be notified by the independent audit institution and important points concerning the accounting policy and practices of Company, within the scope of independent audit process; alternative practice and public disclosure principles within the frame of the CMB's accounting standards and accounting principles, which were previously sent to the Company management by the independent auditor; probable causes of these and application proposal; and important correspondences with the Company management,
- To assess and finalize the complaints received by the Company concerning the Company's accounting, reporting, internal control systems and independent auditing processes; to determine the methods and criteria to be applied in terms of evaluating the notifications of the Company employees' with respect to accounting, reporting, internal control and independent audit, within the framework of confidentiality principle,
- To send in writing the Company's annual and interim financial statements to be disclosed to the public, with respect to the Company's accounting principles and compliance with the reality, to Board of Directors together with its own assessments, after receiving opinions of Company's responsible managers and independent auditors,
- To accomplish other tasks assigned/to be assigned to the Committee under CMB regulations and Turkish Commercial Code.

The committee advises the Board of Directors in writing or orally of its evaluations and recommendations on the abovementioned matters.

4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE

- The Audit Committee consists of at least two members. Committee President and members shall be elected among independent Members of the Board of Directors.
- Upon election of the new Board of Directors in the Ordinary General Assembly, members of the Audit Committee shall be determined by the Board of Directors in parallel with the Board's term of office. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and support necessary for the Committee to fulfill its duties shall be provided by the Board of Directors. The Committee may invite any manager it deems necessary and receive their opinions.
- The Committee may benefit from independent expert opinions with regard to its activities when needed. Costs of consultancy services required and needed by the Committee shall be borne by the Company.

5. SUB-COMMITTEES

Sub-committees -consisting of persons to be selected among the Audit Committee's own members and/or externally and having enough experience and knowledge in the areas of financial reporting and independent audit- may be formed with the purpose of ensuring effectiveness of works and studies of the Audit Committee.

6. MEETINGS

- The Audit Committee shall convene quarterly, hence four times a year; and results of the meeting shall be written in minutes and submitted to the Board of Directors. The Committee shall immediately submit its findings and recommendations regarding its own duties and responsibilities to the Board of Directors in writing .
- The Committee's decisions are advisory for the Board of Directors; and the final decision regarding the respective matter shall be made by the Board of Directors.
- The Committee shall ensure that the Board of Directors is informed about subjects within its authorization and responsibility.
- Quorum shall be absolute majority of total number of committee members.
- Meetings may be held in person or through electronic methods (on electronic media or via conference calls) without actually gathering. Actual meetings may be held in company's registered office or another place easily accessible by committee members. Minutes of meetings held through electronic methods without actually gathering shall be signed by the members of the Audit Committee. Moreover, committee decisions can also be taken through the circular decision method; decisions signed on the same or different papers by all members shall be valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in a decision book.
- Meeting minutes are required to include at least the following:
 - o Date of meeting
 - o Agenda
 - o Information concerning the matters discussed in the meeting
 - o The decisions made
- Decisions deemed necessary by Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minutes prepared shall be archived following its submission to the Committee Members.

8. EFFECT

These working principles of the Audit Committee were approved according to the Board of Directors' decision dated 28.03.2019. The Board of Directors is authorized to revise and update the aforementioned working principles when needed.

WORKING PRINCIPLES OF CORPORATE GOVERNANCE COMMITTEE

1. FOUNDATION

Corporate Governance Committee was established upon Decision of our Company's Board of Directors dated 22.03.2010 and numbered 692, within the scope of provisions included in Capital Markets Board (CMB) regulations, with the purpose of improving our Company's corporate governance practices by advising the Board of Directors.

2. PURPOSE

The purpose is to determine whether corporate governance principles are applied or not at our Company; if not, to detect the reasons why these principles are not applied and the conflicts of interests caused by the failure to apply these principles; and to give Board of Directors advices enhancing corporate governance practices; and to fulfill tasks and duties of the Nomination Committee and Compensation Committee within the scope of Communiqué.

3. DUTIES AND RESPONSIBILITIES

Duties of Corporate Governance Committee are:

- To determine whether corporate governance principles are applied or not; and if not, to detect the reasons why these principles are not applied and the conflicts of interests caused by the failure to apply these principles; and then to give Board of Directors advices enhancing corporate governance practices,
- To supervise the activities of the investor relations unit,
- To review the "Corporate Governance Compliance Report" to be disclosed to the public and to check the accuracy and consistency of information included in this report according to the information owned by Committee,
- To ensure that Corporate Governance Principles are developed, adopted and applied within the Company; to carry out a study on subjects on which these principles cannot be applied; and to make suggestions that improve the compliance degree to the Board of Directors,
- To follow Corporate Governance Principles throughout the world and to make suggestions to the Board of Directors to ensure that necessary points are applied within the Company,

Nomination in the CMB regulations and the duties stipulated for the Compensation Committee are also fulfilled by the Corporate Governance Committee at our Company. The said Committee's duties in this regard are as follows:

- To create a transparent system with the purpose of determining, evaluating and training appropriate candidates for the Board of Directors, and to carry out studies and works to set forth policies and strategies with this respect.
- To assess nominations for independent members, including those coming from the management and investors, to see if the said nominee meets the criteria for independency; and to submit this assessment for the approval of the Board of Directors.

- In case of vacancy in the independent membership positions for the Board of Directors, to make an assessment for independent member selection for the vacancies until the next general assembly meeting to be held; and to submit the result in writing to the Board of Directors.
- To carry out regular evaluations concerning the structure and efficiency of Board of Directors and to submit to the Board of Directors recommendations on changes and amendments that might be made with this regard,
- To determine and supervise approaches, principles and practices for performance evaluation and career planning of Board Members and top managers,
- To determine and supervise recommendations of Board Members and top managers regarding salary principles by considering the company's long-term objectives.
- To determine criteria that might be used in the salary system based on Company's and member's performance.
- To submit to Board of Directors its recommendations concerning the salaries to be paid to the Board Members and top managers, considering the degree to which the criteria have been met.

The Committee advises the Board of Directors in writing or orally of its evaluations and recommendations on the abovementioned matters.

4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE

- The Corporate Governance Committee consists of at least two board members and the manager of the Investor Relations Unit appointed as per the Corporate Governance Communiqué. Committee President shall be elected amongst independent Members of the Board of Directors. Chief Executive Officer/General Manager may not take office in the committee.
- If the Committee is comprised of two members except for the manager of the Investor Relations Unit, both members; if the Committee is comprised of more than two members except for the manager of the Investor Relations Unit, majority of the members shall be selected amongst Board Members who do not undertake any executive function. Persons who are expert in their own subject but not a Member of Board of Directors may be included in the Committee when needed.
- Upon election of new Board of Directors in the Ordinary General Assembly, members of the Corporate Governance Committee shall be determined in parallel with the Board's term of office. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and support necessary for the Committee to fulfill its duties shall be provided by the Board of Directors. The Committee may invite any manager it deems necessary and receive their opinions.
- The Committee may benefit from independent expert opinions with regard to its activities when needed. Costs of consultancy services required and needed by the Committee shall be borne by the Company.

5. SUB-COMMITTEES

Sub-committees consisting of persons to be selected among the Corporate Governance Committee's own members and/or externally, who have enough experience and knowledge in corporate governance, may be formed to ensure effectiveness of works and studies of the Corporate Governance Committee.

6. MEETINGS

- The Committee shall convene as often as required by its duties assigned to it.
- The Committee's decisions are advisory for the Board of Directors; and the final decision regarding the respective matter shall be made by the Board of Directors.
- The Committee shall ensure that the Board of Directors is informed about subjects within its authorization and responsibility.
- Quorum shall be absolute majority of total number of committee members.
- Meetings may be held in person or through electronic methods (on electronic media or via conference calls) without actually gathering. Actual meetings may be held in company's registered office or another place easily accessible by committee members. Minutes of meetings held through electronic methods without actually gathering shall be signed by the members of the Corporate Governance Committee. Moreover, committee decisions can also be taken through the circular decision method; decisions signed on the same or different papers by all members shall be valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in a decision book.
- Meeting minutes are required to include at least the following:
 - o Date of meeting
 - o Information concerning the matters discussed in the meeting
 - o The decisions made
- Decisions deemed necessary by Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minutes prepared shall be archived following its submission to the Committee Members.

8. EFFECT

Structure of the Corporate Governance Committee was reviewed as per the Capital Markets Board's regulations on Corporate Governance, and it was revised according to the Board of Director's decisions dated 26.04.2012 and 28.03.2019. The Board of Directors is authorized to revise and update the aforementioned working principles when needed.

WORKING PRINCIPLES OF RISK MANAGEMENT COMMITTEE

1. FOUNDATION

The Risk Management Committee was established by decision of our Company's Board of Directors dated 16.07.2010 and numbered 701. Then the structure of the Risk Management Committee was reviewed and revised upon the Board of Directors' decision dated 26.04.2012, in order to make suggestions and recommendations to the Board of Directors with the purpose of developing corporate governance practices of our Company; detecting risks earlier and establishing an effective risk management system, by considering new provisions included in the Turkish Commercial Code numbered 6102 and the Corporate Governance Principles of the Capital Markets Board.

2. PURPOSE

The purpose is to make suggestions and recommendations to the Board of Directors for early detection, evaluation, effect and possibility calculation of all kinds of strategic, operational, financial, legal and other risks that might damage the Company's existence, development and continuity; management and reporting of these risk in compliance with the Company's corporate risk-taking profile; implementation of necessary measures concerning the detected risks; consideration of decision making mechanism and creation and integration of internal control system with this regard.

3. DUTIES AND RESPONSIBILITIES

Duties of the Risk Management Committee are:

- To define, evaluate and monitor the existing and potential risk factors that might affect achieving the company objectives, within the framework of Enterprise Risk Management; and to determine principles on risk management in compliance with the company's risk taking profile and to ensure that these principles are used in decision mechanism,
- To detect the risks that will be kept and managed, shared or completely eliminated in the Company according to the possibility and effect calculations,
- To ensure integration of risk management and internal control system with Company's corporate structure,
- To supervise whether practices in respective departments, which are responsible for reviewing risk management systems at least once a year and for risk management, are executed in compliance with committee decisions,
- To ensure early detection of technical bankruptcy and to warn the Board of Directors with this respect; and to develop suggestions concerning relevant measures,
- To accomplish other tasks assigned/to be assigned to the Committee under CMB regulations and Turkish Commercial Code.

The Committee advises the Board of Directors in writing or orally of its evaluations and recommendations on the abovementioned matters.

4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE

- The Risk Management Committee consists of at least two members. Committee President shall be elected among independent members. Chief Executive Officer/General Manager may not take office in the committee.

- In case of consisting of two members, both members of the Committee, and in case of consisting more than two members, majority of the members of the Committee shall be elected from Members of the Board of Directors who do not undertake any executive function. Persons who are expert in their own subject but not a Member of Board of Directors may be included in the Committee when needed.
- Upon election of new Board of Directors in the Ordinary General Assembly, members of the Risk Management Committee shall be determined in parallel with the Board's term of office. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and support necessary for the Committee to fulfill its duties shall be provided by the Board of Directors. The Committee may invite any manager it deems necessary and receive their opinions.
- The Committee may benefit from independent expert opinions with regard to its activities when needed. Costs of consultancy services required and needed by the Committee shall be borne by the Company.

5. SUB-COMMITTEES

Sub-committees consisting of persons to be selected among the Risk Management Committee's own members and/or externally, who have enough experience and knowledge in corporate governance, may be formed to ensure effectiveness of works and studies of the Risk Management Committee.

6. MEETINGS

- The Committee shall convene as often as required by its duties assigned to it.
- The Committee's decisions are advisory for the Board of Directors; and the final decision regarding the respective matter shall be made by the Board of Directors.
- The Committee shall ensure that the Board of Directors is informed about subjects within its authorization and responsibility. It shall report its recommendations on risk and solutions to the Board of Directors and the auditor.
- Quorum shall be absolute majority of total number of committee members.
- Meetings may be held in person or through electronic methods (on electronic media or via conference calls) without actually gathering. Actual meetings may be held in company's registered office or another place easily accessible by committee members. Minutes of meetings held through electronic methods without actually gathering shall be signed by the members of the Risk Management Committee. Moreover, committee decisions can also be taken through the circular decision method; decisions signed on the same or different papers by all members shall be valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in a decision book.
- Meeting minutes are required to include at least the following:
 - o Date of meeting
 - o Information concerning the matters discussed in the meeting
 - o The decisions made
- Decisions deemed necessary by the Risk Management Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minutes prepared shall be archived following its submission to the Committee Members.

8. EFFECT

These working principles of the Risk Management Committee were approved by the decision of Board of Directors dated 26.04.2012, and finalized with the amendments made on 28.03.2019. The Board of Directors is authorized to revise and update the aforementioned working principles when needed.

WORKING PRINCIPLES OF THE EXECUTIVE COMMITTEE

1. FOUNDATION

The Executive Committee was established upon the Board of Directors' decision dated 26.04.2012, in order to give advice and make suggestions to the Board of Directors for the purpose of increasing efficiency of the Board of Directors and ensuring efficacy in the fields of investment and business development in areas suitable for its strategic targets by ensuring coordination between our Company's Board of Directors and administrative structure.

2. PURPOSE

Since the Board of Directors cannot convene as often as desired and on time, the purpose of this Committee is to follow up developments in the Company and the sector where the Company is carrying out business and inform the Board of Directors about these developments when required; to ensure coordination between the Company's administrative structure and the Board of Directors; to offer suggestions for developing strategies suitable for the Company and improving the efficiency of activities.

3. DUTIES AND RESPONSIBILITIES

Duties of the Executive Committee are:

- To ensure necessary preparations, analyses and evaluations to be completed concerning effects on activities, financial dimension, legal status, compliance with strategic priorities etc. before submission of important matters to the approval of all members, which are to be decided by the Board of Directors.
- To ensure transmission and distribution of subjects concluded by the decision of the General Assembly or the Board of Directors, to the Company management within the framework of directives and policies determined,
- To check if the Company's activities are carried out in accordance with the Board of Directors' decisions and annual business plans,
- To follow up developments in economical, social and political environments of the sector where the Company carries out business, and to evaluate effects of these developments, and to determine strategies that improve competitive power,
- To determine opportunities that might arise by monitoring sector dynamics, in accordance with the strategies determined,
- To monitor the company's weaknesses and strengths through internal analyses and to monitor opportunities and threats through external analyses,
- To search inner and external growth opportunities that will allow the Company to achieve its strategic objectives,
- To supervise the system's functionality that will ensure that company's business programs are formed, revised as required according to developments in outer environments and used as performance criteria,
- To follow management of the strategies and projects accepted by the Board of Directors,
- To assess significant legal developments that might affect the activities, and effects of these developments.

The Committee advises the Board of Directors in writing or orally of its evaluations and recommendations on the abovementioned matters.

4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE

- The Executive Committee shall consist of members elected internally (from the members of the Board of Directors) or externally. The Committee shall select a President and sufficient number of Vice Presidents among its members.
- Upon election of new Board of Directors in the Ordinary General Assembly, members of the Executive Committee shall be determined in parallel with the Board's term of office. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and support necessary for the Committee to fulfill its duties shall be provided by the Board of Directors. The Committee may invite any manager it deems necessary and receive their opinions.
- General Manager shall not take office in the committee, but he/she shall provide the Committee with all information and works required. Authority and responsibility to perform daily activities shall rest with the General Manager.
- The Committee may benefit from independent expert opinions with regard to its activities when needed. Costs of consultancy services required and needed by the Committee shall be borne by the Company.
- Committee members shall be paid fees, at discretion of the Board of Directors, for the services they provide, in accordance with Company's Articles of Association, considering their term of office.

5. SUB-COMMITTEES

Sub-committees consisting of persons to be selected among the Executive Committee's own members and/or externally, who have enough experience and knowledge in corporate governance, may be formed to ensure effectiveness of works and studies of the Executive Committee. These sub-committees shall fulfill all necessary reporting and technical works.

6. MEETINGS

- The Committee shall convene as often as required by the tasks assigned to it and at least once a month if it is not required to convene more frequently.
- In cases required by Chair of Board, the Committee shall attend general and specific information meetings concerning the Company's/Group's activities (such as Planning Council, Annual Budget and special purpose meetings).
- The Committee's decisions are advisory for the Board of Directors; and the final decision regarding the respective matter shall be made by the Board of Directors.
- The Committee shall ensure that the Board of Directors is informed about subjects within its authorization and responsibility. It shall report to the Board of Directors information on activities being carried out and the suggestions developed.
- Quorum shall be absolute majority of total number of committee members.
- Meetings may be held in person or through electronic methods (on electronic media or via conference calls) without actually gathering. Actual meetings may be held in company's registered office or another place easily accessible by committee members. Minutes of meetings held through electronic methods without actually gathering shall be signed by the members of the Executive Committee. Moreover, committee decisions can also be taken through the circular decision method; decisions signed on the same or different papers by all members shall be valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in a minutes book to be kept for the Committee.
- Meeting minutes are required to include at least the following:
 - O Date of meeting
 - O Agenda
 - O Information concerning the matters discussed in the meeting
 - O The decisions made
- Decisions deemed necessary by the Executive Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minutes prepared shall be archived following its submission to the Committee Members.

8. EFFECT

These working principles of the Executive Committee were approved by the decision of Board of Directors dated 26.04.2012, and finalized with the amendments made on 28.03.2019. The Board of Directors is authorized to revise and update the aforementioned working principles when needed.