

Respects
THE GLOBE
Respected
GLOBALLY



Neva Cekiç

Sustainability Report | **2016**

Arçelik A.Ş.



Respects
THE GLOBE
Respected
GLOBALLY

About the Report

"Arçelik A.Ş. Sustainability Report 2016" constitutes the ninth sustainability reporting practice carried out by Arçelik A.Ş. to offer its policies, practices, performance results and targets in social, environmental, ethical and economic spheres to the views of its stakeholders. The scope of the report, which reflects the sustainability performance of the Company between January 1st and December 31st 2016, was expanded, as committed in the previous period, to include Russia and France operations alongside Turkey, Romania, and United Kingdom operations included in the previous year.

While the financial indicators included in the report are based on the consolidated performance results of the Company to be consistent with "Annual Report", practices and performance results from Turkey, Romania and Russia, operations where production takes place, were emphasized in relation to environmental indicators. Emission data for these three countries (10 Production Plants and 1 Headquarter) were subjected to reasonable assurance by an independent international audit company.

We have relied on the Global Reporting Initiative's new reporting guidelines, 'GRI Standards', for the first time this year for determining the content and quality of the report. Stakeholder feedbacks and materiality studies led by Arçelik A.Ş. Sustainability Report Working Group and the senior management, detailed in the "Identification of Material Aspects" section, were evaluated as the primary inputs determining the content of the report. United Nations Sustainable Development Goals (SDG), which was included in the reporting process for the first time this year, constitutes the other reference of the reporting practice.

For our Sustainability Report we are inspired by our children who are the adults of tomorrow, full of hope and boundless imagination. The children of our employees took the floor to share their views and dreams for the future of our world. Their dreams fuel us for more innovation and growth, while also supporting our vision of creating value for all our stakeholders by adapting sustainable business model. Hereby, we thank all our employees and their children supporting the preparation of the Sustainability Report.

We Are Inspired by the Grown Ups of Tomorrow with A Great Imagination and Full of Hope

Future Generations' Manifesto



- We must use technology more often for kindness.
 - We must work hard for a future where people are equal.
- Ada Altun, 9 years old.**
Daughter of Selma Bildirici Altun



- Each of us should individually take some steps. Every little help can change everything. I collect blue bottle caps to help my disabled friends.
 - I dream of a workplace that supports me to make inventions.
- Yağız Anıl Ekici, 8 years old.**
Son of Yılmaz Ekici



- I dream of a workplace where managers have a guiding spirit, respect human and employee rights and lead the employees towards happiness through success.
 - I imagine a future where people overcome conflicts through art and humane ways, and not with violence.
- Ceylin Su Gültekin, 10 years old.**
Daughter of Murat Gültekin



- To beautify the future, we have to be creative and take advantage of the technology.
 - We must protect environment, water and energy resources and we have to act friendly with these resources used in all the areas from health to education.
- Defne Zeren Boz, 7 years old.**
Daughter of Deniz Boz



- I dream of a happy, peaceful and healthy world where no children are hungry or homeless.
 - Instead of throwing away our belongings, let's try to see if we can recycle or share them with other people.
- Defne Demir, 12 years old.**
Daughter of Didem Demir



- Let's balance between technology, humanity and nature. We have to raise awareness of saving among children. I use recycle bins for paper, glass and plastic.
- Nil Altun, 13 years old.**
Daughter of Selma Bildirici Altun



- They are so important for our lives and health. Clean water resources diminish day by day. For this reason, the environment and the renewable energy become more crucial each passing day.
 - Let's raise awareness of protection of the natural resources.
- Mehmet Sarp Ünsal, 11 years old.**
Son of Sanem Canöz



- I dream of working in an environmentally-friendly workplace, as a member of the team of a respectful manager who understands human nature.
 - To share beautifies the world. By sharing toys and other belongings that we don't use anymore with other people, we can create happiness for everyone.
- Tuna Aşureciler, 5 years old.**
Son of Duygu Aşureciler



- I want that there are enough forests for all of us to live in tree houses.
 - I dream of happy children having fun in nature freely. If we live hand in hand and in peace, the children can build their own world.
- Neva Çekic, 7 years old.**
Daughter of Özlem Çekic



- If the environment is not clean, the living spaces and the living creatures will begin to die out. Let's create projects to reduce solid waste, wastewater and emissions released by cars and chimneys.
 - I dream of a relax workplace with natural daylighting and ventilation, cleaning its own waste and generating the energy it needs by itself.
- Arda Turan, 10 years old.**
Son of Ebru Dağlı Turan





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We believe that the leading companies of the 21st. century will be those embracing green technology and investing in energy and water efficiency. Therefore, we will put more emphasis on cooperation, investment and innovation for the future of the world, ensuring conversion in more households, and taking immediate action for tomorrow.



Esteemed Stakeholders,

As we resolutely advanced toward our global growth targets in 2016, we achieved major breakthroughs in the terms of sustainability, which is a core element of our strategy and business model, and also an essential responsibility before the society and environment.

While aligning our business and sustainability strategies with our vision "Respects the Globe, Respected Globally", we strived to create more added value for all our stakeholders by positively influencing environmental, ethical, social and economic spheres. At Arçelik, we do not develop a new business plan or make a new investment without focusing on our goal for a more sustainable model—how can we reduce waste, emission, energy & water consumption.

Aiming to set a benchmark in sustainability, we followed leading trends in science and innovation, and proudly joined global initiatives. In this regard, we pledged to comply with the United Nations' Sustainable Development Goals (SDG), in 2016. We harmonized our roadmap with the UN goals which identifies the steps to help ending poverty globally, protecting our planet and ensuring peace and prosperity for all.

We prioritized nine of these 17 goals by giving careful consideration on our operational geographies and core industries. The following nine goals will constitute the main point of reference for our 2030 strategic roadmap: 'Quality Education', 'Gender Equality', 'Clean Water and Sanitation', 'Affordable and Clean Energy', 'Decent Work and Economic Growth', 'Industry, Innovation and Infrastructure', 'Responsible Consumption and Production', 'Climate Action', and 'Partnerships for the Goals'.

In compliance with the Sustainable Development Goals, we will be measuring and reporting our environmental and social footprints across the entire product lifecycle. We will continue distinguishing ourselves with energy efficiency in both production level, and also in the products & services we deliver. Our goal is to become completely carbon-neutral in manufacturing by 2025.

We have adopted a scientific approach in combating climate change in order to contribute to a better future. Accordingly, we confirmed our commitment to reduce our greenhouse gas emissions by signing the Science Based Targets initiative jointly launched by the Carbon Disclosure Project (CDP), United Nations Global Compact (UNGC), World Resources Institute (WRI), and World Wildlife Foundation (WWF).

We published our ninth annual sustainability report to share our policies, targets and performance results about our sustainability priorities, including our efforts to deliver the nine global goals. This year's report was prepared in line with the new reporting guidelines of the Global Reporting Initiative, 'GRI Standards', for the first time. In addition, we continued to expand our scope as promised, covering our Russia and France operations in the report alongside our Turkey, Romania, and United Kingdom operations.

We expect to register the preliminary results of our 2030 Goals by 2020 and announce them in our annual sustainability report which will be enriched with new countries and new targets. To create a more sustainable future, we must look to the amazing advances happening across the world, establish active and transparent communication with stakeholders and closely follow leading trends in all industries. We believe that the leading companies of the 21st. century will be those embracing green technology and investing in energy and water efficiency. And therefore, we will put more emphasis on cooperation, investment and innovation for the future of the world, ensuring conversion in more households, and taking immediate action for tomorrow.

I must mention how we were inspired with the Sustainability Report by the adults of tomorrow, full of hope and boundless imagination, for whom we are responsible to leave a better future. The children of our company's employees took the floor to share their views and dreams for the future. Ceylin drew attention to future generations' right to live on this planet, and emphasized that it is everybody's duty to protect the priceless resources of the world. 10-year old Arda shared his dreams of 'a happy world where energy is generated from the sun, water, wind and every trash is recycled'. What Ceylin and Arda expect from us are not impossible dreams, but crucial steps needed before it is too late. We have a great responsibility to materialize these dreams.

We will continue creating value for our stakeholders in the light of our responsibilities and by proudly leveraging our six decades long legacy. With this, I would like to extend my sincere thanks to our valuable stakeholders for their unfailing support on our sustainability journey.

Sincerely,

Hakan BULGURLU
Arçelik A.Ş. CEO

2003

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

2004

- We started to publish our CGP Compliance Report both within our Annual Report and on our website.
- Our Turkish operations were compliant with packaging waste regulations prior to their publication.

2005

- We signed the Code of Conduct issued by the CECED (European Committee of Domestic Equipment Manufacturers).

2006

- We redefined our HR policy and procedures according to the United Nations Global Compact (UNGC).
- We published our Arçelik HR Policy, Code of Ethics and Business Conduct Guidelines and shared them with our employees.

2007

- We added "Work-Life Evaluation and Improvement" surveys to our manufacturing sites outside of Turkey.

2008

- We published our first Sustainability Report.
- Full Restriction of Hazardous Substances (RoHS) compliance in Turkey before regulations were officially instated.

2009

- We published our "Arçelik Disclosure Policy."
- Our first corporate governance rating was 8.21 out of 10.
- We restructured our OHS organization.
- Our HR department was reorganized.

2010

- Our corporate governance rating rose to 8.55 out of 10.
- We were ranked first in the "Management" category of the European Business Awards for the Environment in Turkey, and became one of the top three in Europe.
- An agreement was signed with, Turkish Ministry of Energy and Natural Resources, White Goods Manufacturers' Association for the Market Transformation of Energy Efficient Appliances in Turkey.
- We started calculating our greenhouse gas emissions in accordance with the ISO 14064-1 standard, receiving a verification certificate from an independent internationally accredited organization.

2011

- Our corporate governance rating was raised to 8.59 out of 10.
- Seven different and variously located R&D centers of Arçelik A.Ş. were granted R&D Center Certificates by the Turkish Ministry of Industry and Commerce.
- We were ranked 95th on the World Intellectual Property Organization (WIPO) list of the top 500 patent filing applicant companies.
- We joined the 2°C Challenge Communique as a member and term spokesperson for the Turkish Climate Platform of the Corporate Leaders Group.
- We represented Turkey as the Turkish Climate Platform term spokesperson at the Durban Climate Conference.

2012

- 4 independent members were elected to the Board of Directors consisting of 12 members.
- Our corporate governance rating rose to 9.11 out of 10.
- We attended the Doha Climate Conference, undertaking the role of Turkey's Climate Platform term spokesperson.
- We were named "Turkish Carbon Disclosure Leader" by the Carbon Disclosure Project (CDP) thanks to our strategies tackling climate change, management approach.
- We ranked among Best Country Practices and represented Turkey in Brazil at Rio+20 United Nations Sustainable Development Conference with our Cactus Dishwasher.
- We adapted our energy management process to the ISO 50001 Standard and were certified by an international, independently accredited organization for HQ Campus and all factories in Turkey.

2013

- Our corporate governance rating ascended further, to 9.28 out of 10.
- The Carbon Disclosure Project awarded us with a "CDP Turkey Performance Leader" accolade.
- We prepared our 2012 Sustainability Report in compliance with GRI principles at B+ level.
- The highest "Energy Efficient Green Facilities" ranking, the platinum certificate, was allocated to our dishwasher, dryer, electric motor and Arctic cooler plants.
- We qualified for the "ISO 10002 Customer Satisfaction Management System Certificate."

2014

- Our corporate governance rating became 9.41 out of 10.
- We were among the 15 companies that joined the Borsa Istanbul (BIST) Sustainability Index.
- We were the first Turkish Company in our sector to be included on "The Global A List: CDP Climate Performance Leadership Index 2014."
- We collaborated with the United Nations Environment Program (UNEP) on the United for Efficiency (U4E) project.
- We were certified by the CIPS (Chartered Institute of Purchasing and Supply).
- We received "ISO 28000 Supply Chain Safety Management System Certificate".

2015

- Our corporate governance rating was raised to 9.48 out of 10.
- We listed in Borsa Istanbul Sustainability Index for the 2nd consecutive year and in the MSCI Global Sustainability Index Series with the highest grade AAA.
- We signed the "Principles of Dialogue For Climate Action".
- We initiated Supplier Audits on Business Ethics and Environment.
- "We won the CDP Turkey Carbon Disclosure Leadership Award."
- We represented Turkey at 2 events organized by the Ministry of Environment, Urban Planning and UNEP in COP22.
- We supported Koç Holding's social responsibility program "For My Country: I Support Gender Equality".
- We opened 10th R&D Center at Cambridge University Science Park.



2016



Rated “AAA” the highest possible level by
MSCI Global Sustainability Index Series
for the 2nd time



Listed in **Borsa Istanbul Sustainability Index** for the 3rd consecutive year.



2010 → 2016 GHG Emissions
↓ **56%** in Turkey

Corporate Governance Rating ↑ **9.52/10**



Initiated “Global Ethics and Compliance System” project.

Established two **R&D Centers** and a **Design Center** in Turkey and an **R&D Office** in Boston, Massachusetts (US)

Ranked **78th** on the Top 200 list by the **World Intellectual Property Organization (WIPO)**.

Female Manager Ratio ↑ **16%** in Global Operations.

19.7 hours of **Training** per Hourly Paid Employees

32.7 hours of **Training** per Monthly Paid Employees

Participated 22nd Session of the Conference of the Parties (COP22) to the **UNFCCC**

Listed in “A List: CDP Climate Performance Leadership Index” for the 2nd time.



2010 → 2016 Energy Consumption
per Product ↓ **34%**



Green Electricity Use Rate
↑ **88%** in Turkey

More than **45 Million TL** for **Environmentally Friendly Product R&D** in Turkey

191.204 GJ Energy Saving in the total annual energy consumption of products produced in Turkey

90% Ratio of Employees Reached Out with “**I Support Gender Equality**” Project in Turkey

More than **11 million** impression gained through social media with

“**Respect Food Initiative**”, which raises awareness on food waste.

210 voluntary chefs worked in “**Food for Soul**” project; serving **48.000** free
of charge courses and recovering more than **25 tons** of ingredients



2012 → 2016 Hazardous
Waste per Product ↓ **2%**



2012 → 2016 Water
Withdrawal per Product ↓ **31%**





5,440 person*hour **Environmental Training** to employees





243,653 person*hour **OHS Training** to employees






Accident Frequency Rate ↓ **12%** in Turkey ↓ **100%** in Romania ↓ **72%** in Russia

At Arçelik A.Ş., we have been disclosing our sustainability performance every year since 2007. While this year's report marks a change in our reporting practice as we have started aligning our strategies with Sustainable Development Goals for 2030, for this year, we set our objectives for 2020. We aim for these targets, which we put forth in relation to our sustainability priorities, to enhance our effectivity in the field of corporate sustainability management as well as to form the backbone of the sustainability reporting practices we will conduct until 2020. With this step we took in accordance with our principles our transparency and accountability, we aim to carry out a more transparent, more responsible and more efficient reporting practice by allowing our stakeholders to compare our sustainability performance with these concrete targets in the forthcoming years.

2016 Results	Management Approach	Goals for 2020
<p>Number of the Country Operations within the Scope of the Report ↗5</p> <p>10 production facilities and 2 sales&marketing companies in 5 countries</p>		<p>Number of the Country Operations within the Scope of the Report ↗7</p> <p>Arçelik A.Ş. aims to increase the number of the country operations within the scope of the sustainability reporting practice to 7 by 2020; hence to expand its scope to 14 production facilities and 10 sales and marketing companies.</p>
<p>"Arçelik A.Ş. Global Ethics and Compliance System" Project initiated</p> <p>Arçelik A.Ş. initiated a project for restructuring its existing "Ethical Rules of Conduct and Implementation Principles". The new "Global Code of Business Ethics" will be globally recognized and embracing all the stakeholders of the Company.</p>		<p>The Number of the Country Operations where Ethics Hotline is Operating ↗20</p> <p>Arçelik A.Ş. aims to increase the number of country operations where Ethics Hotline, created within the scope of Ethics and Compliance System, is operating to 20 by 2020.</p>

2016 Results	Respect For Human and Employee Rights	Goals for 2020
<p>Female Manager Ratio ↗16%</p>		<p>Female Manager Ratio ↗24%</p> <p>Arçelik A.Ş. aims to increase the ratio of female managers from 16% to 24% in global operations by 2020.</p>
<p>Average Training Hours per Employee</p> <p>↗19.2 Hourly Wage ↗32.7 Monthly Wage</p>		<p>Average Training Hours per Employee</p> <p>↗24 Hourly Wage ↗38 Monthly Wage</p> <p>Arçelik A.Ş. aims to increase the average training hours per employee in all global operations to 38 hours for monthly wage employees and to 24 for hourly wage employees by 2020.</p>
<p>Employee Engagement Rate</p> <p>↗60.9% Monthly Wage ↗34.7% Hourly Wage</p>		<p>Employee Engagement Rate</p> <p>↗64 Monthly Wage ↗43% Hourly Wage</p> <p>Arçelik A.Ş. aims to increase the employee engagement rate in global operations to 64% for monthly wage employees and to 43% for hourly wage employees by 2020.</p>
<p>Accident Frequency Rate / Accident Severity Rate</p> <p>↘3.2% Accident Frequency Rate ↗0.054% Accident Severity Rate</p> <p>In Turkey operations.</p>		<p>Accident Frequency Rate / Accident Severity Rate</p> <p>↘25%</p> <p>Arçelik A.Ş. aims to reduce the Accident Frequency Rate and Accident Severity Rate indicators by 25% in Turkey until 2020. The occupational health and safety performance goals of the other countries covered in the report will be announced in the forthcoming periods due to the ongoing investments in related country operations.</p>

2016 Results	Environmental and Energy Management	Goals for 2020
<p>Energy Consumption per Product ↘34%</p> <p>In comparison with the base year of 2010.</p>		<p>Energy Consumption per Product ↘45%</p> <p>Arçelik A.Ş. aims to reduce its energy consumption per product in Turkey, Romania and Russia operations by 45% in 2020, in comparison with the base year of 2010.</p>
<p>Renewable Energy Investment Objective is Set.</p>		<p>Establishing a Renewable Power Plant with a total capacity of 6 MWp</p> <p>Arçelik A.Ş. aims to establish a renewable power plant with a total capacity of 6 MWp, by the end of 2020.</p>
<p>Green Electricity Use Rate ↗88%</p>		<p>Green Electricity Use Rate ↗100%</p> <p>Arçelik A.Ş. aims to increase the share of the supply of electricity generated from renewable energy resources to 100% in its Turkey campuses as of 2020.</p>



Arçelik A.Ş. offers products and services around the world with its 30,000 employees, 18 production facilities in 7 countries (Turkey, Romania, Russia, China, South Africa, Thailand and Pakistan), its 34 sales and marketing offices in 32 countries and its 11 brands (Arçelik, Beko, Grundig, Blomberg, ElektraBregenz, Arctic, Leisu-re, Flavel, Defy, Altus and Dawlance) serving products and services in 145 countries.

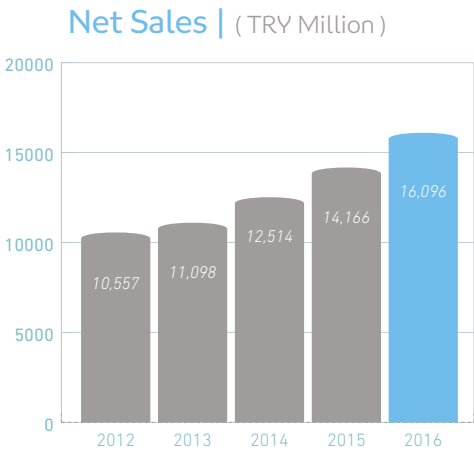
As the third largest home appliances company in Europe, the consolidated turnover of the Company was totalled at TRY 16.1 billion in 2016. Generating 60% of its income from global markets, Arçelik A.Ş. owns 14 R&D centres, employing over 1,300 employees. Arçelik A.Ş. is listed in ISE (Borsa Istanbul) since 1986. Beko, the global brand of Arçelik A.Ş., has been the fastest growing home appliances brand of Europe since the millennium. Brand is the market leader in UK and Poland and the #1 freestanding white goods brand of Europe.

Operating Profit **1,331**
TRY Million

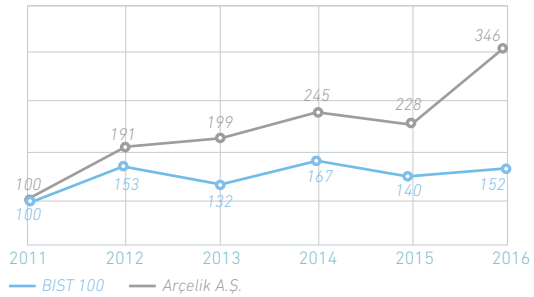
Net Profit **1,304**
TRY Million

Consolidated Net Sales **2016** **16,096**
TRY Million

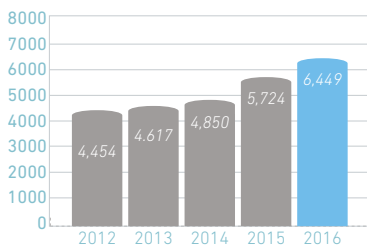
Annual Growth **13.1%**



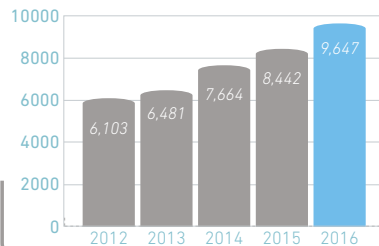
BIST 100 and Arçelik A.Ş. Shares



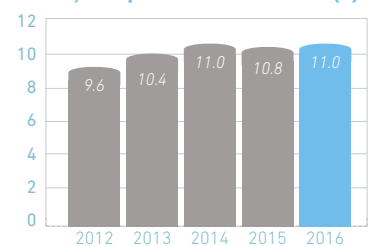
Net Sales | Turkey



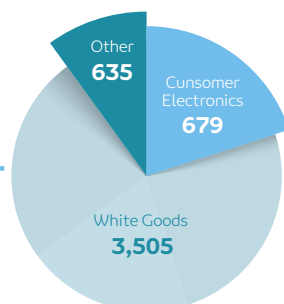
Net Sales | International



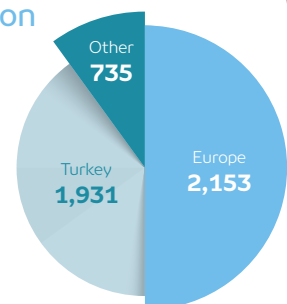
Earnings Before Interest, Tax, Depr. and Amort. (*)



Net Sales by Product Group
Million Euro | 2016

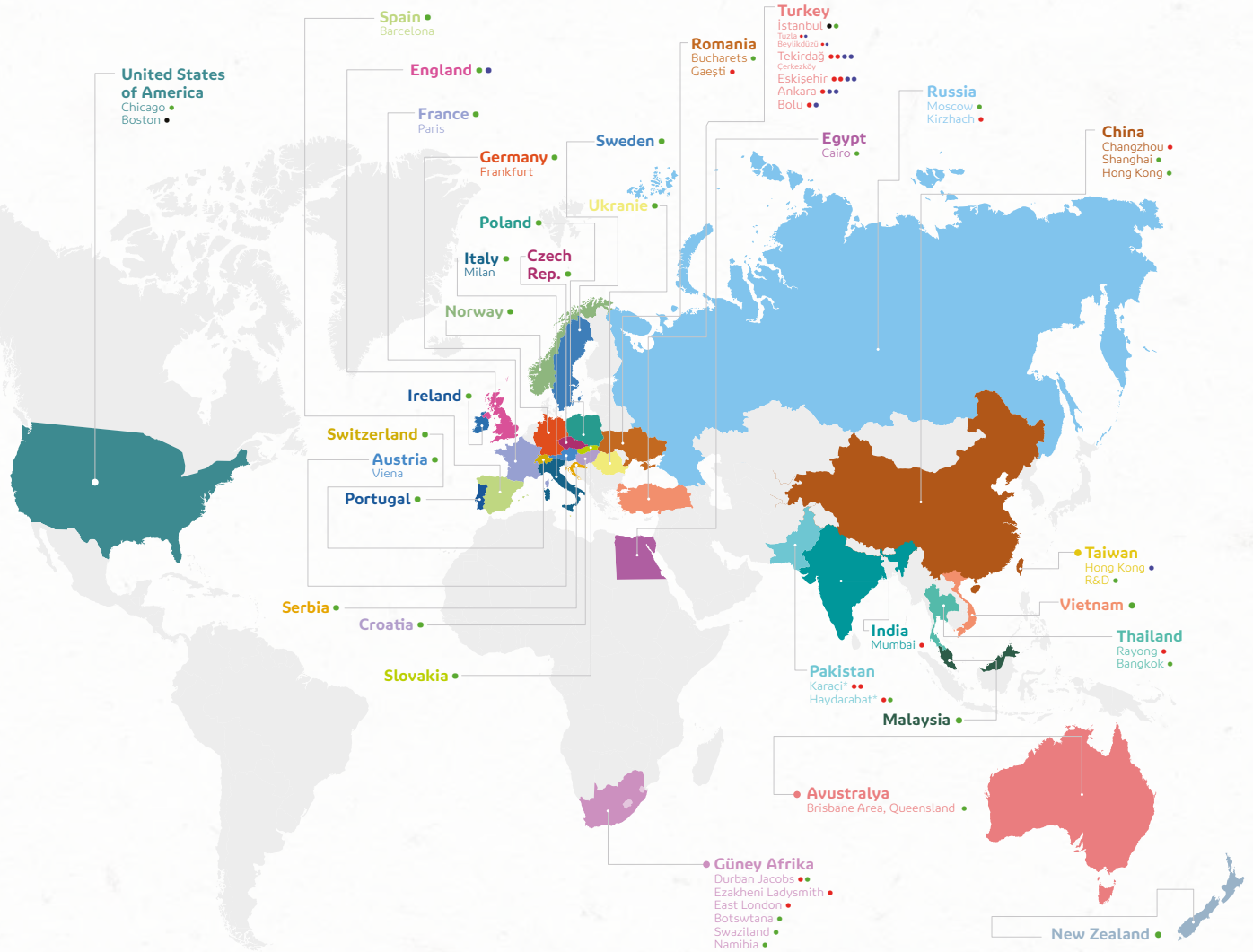


Regional Distribution of Net Sales
Million Euro | 2016





Global Operational Network



 • Headquarters

 **18**
• Production Plants
in **7**
Countries

 **34**
• Sales ve Marketing Offices
in **32**
Countries

 **14**
• R&D Offices
employing
1300
R&D Staff

Providing Products and Services
in more than

145 Countries





We must work hard for a future where people are equal.

Ada Altun, age 9

Management Approach

The governance structure which is the most important instrument for Arçelik A.Ş. to achieve its business goals, is at the same time one of the main determinants of the successful performance of the company in economic, social and environmental areas. This governance structure based on participation of stakeholders in corporate activities and decision making processes, enables both company operations and value chain processes to be managed effectively. Arçelik A.Ş. supports managerial practices that are aligned with its commitment to corporate governance principles with modern systems and standards. The company guarantees the continuity of its long-term and trust-based relationship with its stakeholders in compliance with its ethical principles in all its operations. The company integrates its business and sustainability strategies into a global framework and it strives to transform operational, financial and environmental risks facing the company and its value chain into opportunities through effective risk management practices.



Goals for 2020



"Arçelik A.Ş. Global Ethics and Compliance System" Project initiated

↑7

Arçelik A.Ş. initiated a project for restructuring its existing "Ethical Rules of Conduct and Implementation Principles". The new "Global Code of Business Ethics" will be globally recognized and embracing all the stakeholders of the Company.



The Number of the Country Operations Where Ethics Hotline is Operating

↑20

Arçelik A.Ş. aims to increase the number of country operations where Ethics Hotline, created within the scope of Ethics and Compliance System, is operating to 20 by 2020.

Corporate Governance

Arçelik A.Ş. carries out its activities within the compass of its effective corporate governance understanding and structure shaped around the principles of accountability, responsibility, openness, transparency and equality. This understanding and structure developed in light of 62-year sector experience form the foundation of the successful performance of Arçelik A.Ş. in business and sustainability fields. Arçelik A.Ş. supports its corporate governance practices based on active stakeholder participation, efficient audit mechanisms and transparent reporting practices, with top-end systems and standards, constantly carrying its performance in the corporate governance area a step further.

Arçelik A.Ş.'s corporate governance rating is regularly measured through independent evaluations conducted under four main headings weighted on the basis of Capital Markets Board Corporate Governance Principles and the Company consistently improves its performance in this area. The corporate governance rating of Arçelik A.Ş. was at 85.53% in 2010, increased to 85.91% in 2011, climbed to 91.07% in 2012, then to 92.80% in 2013, 94.11% in 2014, to 94.80% in 2015 and then to 95.23% in the reporting period.



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

The management structure of Arçelik A.Ş. consists of a single stage system with a Board of Directors elected by the General Assembly. The Board of Directors is composed of 12 members, 4 of whom are independent members, and one of them has executive status (General Manager). All members of the Board of Directors are responsible for the economic performance of Arçelik A.Ş., while the General Manager assumes executive responsibility for performances related to the social and environmental performance of the company. The office of the General Manager, who is at the top of the executive body, and that of the Chairman of the Board are held by separate individuals. Arçelik A.Ş. Board of Directors utilizes various corporate governance tools and an effective organizational network when fulfilling its duties and responsibilities. It is supported by specialty councils and committees in fields such as risk management, auditing, corporate governance, executive and sustainability.

You can find detailed information regarding Arçelik A.Ş.'s corporate governance structure, members of the Board of Directors and top management under the tabs "About Arçelik A.Ş." and "Investor Relations" at www.arcelikas.com.



Arçelik A.Ş. Ethics and Compliance System

With the project initiated during the reporting period under the leadership of Human Resources Directorate, Arçelik A.Ş. plans to restructure the Ethical Rules of Conduct and Implementation Principles, which have been in force for many years in Arçelik A.Ş., in accordance with the company's development and growth trend and sustainability requirements. Arçelik A.Ş. aims to structure a globally recognized Ethics and Compliance System embracing all the stakeholders of the Company, considering all the countries that have the potential for investment in the future and where Arçelik A.Ş. operates. The project initiated with the aim of protecting Arçelik A.Ş.'s sustainability performance and continuously developing and growing structure, and its structure in compliance with human rights in its field of activity, is planned to be completed in 2017.

In the first phase of the project which was initiated during the reporting period, 10 countries (China, Germany, France, Romania, Russia, South Africa, Thailand, Turkey, United Kingdom, United States) that Arçelik A.Ş. operates in were included in the scope of the project. Arçelik A.Ş. planned to create a structure which will be valid in the mentioned countries. The company aims to include in the scope other countries that Arçelik A.Ş. operates in the next phases of the project which is carried out through the agency of an international consultancy company.

In line with the stakeholder inclusion which is one of the main objectives of the project, it is planned to create a structure considering all the stakeholders in the countries within the scope of the project. The relations with the employees, suppliers, dealers and service networks, government agencies and non-governmental organizations

were taken into consideration and the project team was formed from the teams working with these stakeholders.

In the next step of the project, the Arçelik Global Code of Business Ethics document was created taking into account the local laws and regulations of the countries involved in the first phase of the project, as well as relevant international laws and regulations. The document which was prepared on the basis of respect, trust, customer orientation and honesty principles is a guideline that describes how Arçelik A.Ş.'s stakeholders should behave when doing business, what they should pay attention to and what behaviors they should avoid.

Arçelik Global Code of Business Ethics commits to comply with UN Global Compact, OECD Guidelines for Multinational Enterprises and Universal Declaration of Human Rights under all circumstances whether or not the relevant documents are accepted in countries of operation. With the code, it is aimed to put forward an exemplary corporate citizenship with Company's employees, dealers, suppliers and authorized services.

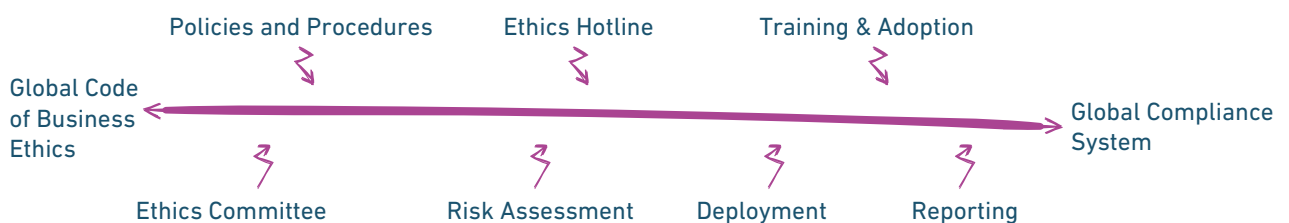
At the next stage of the project, studies were conducted on the establishment of Ethical Board Structure at global level, determination of functioning and reporting mechanisms and structuring within the organization, and Company policies which should be updated in the light of principles have been determined. In the following phase, studies were carried out on the establishment of an Ethics Hotline structure which will come into use in the countries that were included within the scope of the project in the first phase.

Within the scope of the project, human rights and business ethics principles were examined from the perspective of corporate risk management, and financial, legal and reputational risks to be caused by possible violations in these areas were analyzed and risk areas related to human rights and business ethics were included in the current Corporate Risk Management processes. The training programs and awareness raising activities that will be carried out in parallel with the implementation of the system were planned.



The current Ethical Rules of Conduct and Implementation Principles of Arçelik A.Ş. commits to act in aid of and for the welfare of earth, and to be a model of corporate citizenship together with employees, dealers, suppliers and authorized services in accordance with the principles set down in the United Nations Global Compact. The Principles came into effect in Turkey in 2010, and it was extended to other countries of operation, namely China, Czech Republic, Egypt, Germany, Italy, South Africa, Spain, Poland, Russia, Ukraine and United Kingdom by preparing the document in the relevant language. You can access the versions of Ethical Rules of Conduct and Implementation Principles prepared in 11 different languages at the Human Resources / Ethical Rules of Conduct section on our corporate website (<http://www.arcelikas.com/page/1052/globalethical>).

Road to Arçelik Global Ethics and Compliance System





Risk Management

Arçelik A.Ş. endeavors for the early detection of risks that might endanger the existence, development or permanence of the company and its value chain with the effective risk management practices, and effectively implements necessary precautions. Risks that are defined in five main categories -strategic, compliance, exterior, financial and operational risks are managed in an integrated manner with the business processes and new values are created for stakeholders while the company's existing values are protected. It is aimed to ensure business continuity and create global competitive advantage through processes carried out in accordance with human resources, knowledge and technology.

Emerging risks are also proactively identified and senior management is informed about this issue. Regulatory changes, risks of climate change, possible destructive effects of fast developing technologies, cyber-attacks, information security and privacy risks are considered as rising risks for the company. Potential risks to the company are assessed in the long run. To manage climate change risks, Arçelik A.Ş. develops practices regarding energy efficiency, nanotechnology and emission plan in production, and participates in studies concerning climate change conducted by international organizations. In response to cyber-attacks and information security risks, the Company takes measures at all levels of information technologies and operational processes, develops strategic cyber security collaborations, conducts information security awareness trainings, and performs periodic / continuous controls and assessments.

At Arçelik A.Ş., the risk management organization has a multilayered structure that encompasses all operations, central units and foreign affiliates of the company. The Risk Management Committee, supporting the Board of Directors in its management of operational, strategic, financial and other risks for Arçelik A.Ş., is at the head of the risk management organization. The committee provides advice and suggestions to the Board in relation to the early determination of risks, their evaluation, measurement of their probable effects, reporting, taking necessary precautions, determining things to be considered in decision mechanisms and development of effective internal control systems regarding risks.

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

Functional Risk Management processes that allow corporate risk management practices to be implemented at every level of the organization are carried out in accordance with Risk Coordination and Monitoring processes led by Enterprise Risk Directorate. This body was instated under the Assistant General Manager of Finance and Accounting and conducts these processes through its risk management system tools, reporting to the Risk Management Committee.

Audits and controls are the principal risk management tools at Arçelik A.Ş. and are conducted through multi-stakeholder actions in which independent audit institutions, Koç Holding and internal audit units participate. Internal audits regularly convey results and analyses of significant issues to the Audit Committee. This body monitors the efficiency of systems and relates problems and suggestions about risk management and internal control mechanisms to the Board of Directors.



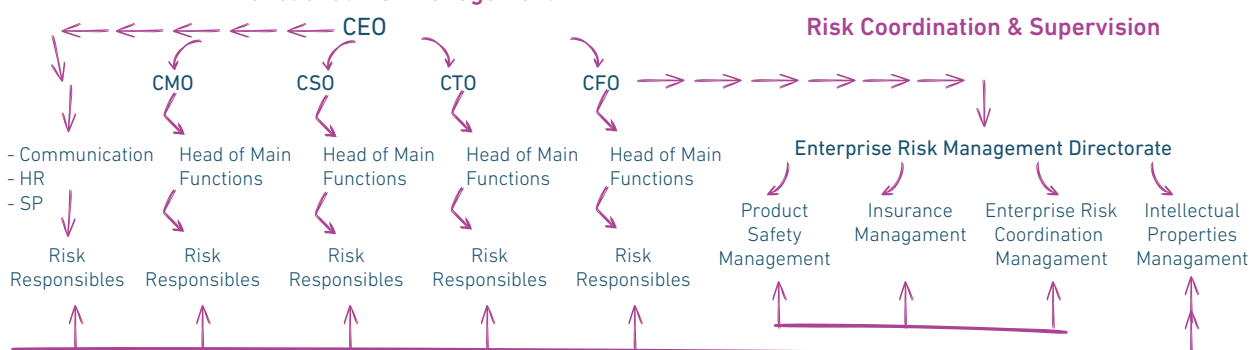
Arçelik A.Ş. Board of Directors Risk Committee

Head: Independent Board Member

Member: Board Member

Functional Risk Management

Risk Coordination & Supervision



Sustainability Management

Generating significant social, environmental and economic spheres of influence in its operational geography, Arçelik A.Ş. aims to manage its influence on these fields with a responsible and efficient sustainability approach. Arçelik A.Ş. operating in line with its vision "Respects the Globe, Respected Globally" and focusing on respect for society and nature in all its operations, considers stakeholder expectations its primary guide.

Arçelik A.Ş. believes that its financial successes can only become permanent through a sustainable business model, since it operates in a dynamic, competitive and constantly transforming sector due to the technological progress and therefore sets integrated business and sustainability goals. Arçelik A.Ş., which manages its material aspects in line with the principles of "Inclusive", "Responsible", "Innovative" and "Leader", seeks to transform the risks in sustainability fields into opportunities.

Arçelik A.Ş. aims to meet the changing needs of the society and to create mutual value through collaborations with different stakeholder groups in line with its "Inclusive" principle. In line with this principle, Company gets strength from the diversity and entrepreneurship of its workforce and believes that sustainable social benefits and social change might be attained through cooperation in product and technology development with public institutions and NGOs.

In line with its "Responsible" principle, Arçelik A.Ş. strives to have a positive environmental and social impact both on its products and production processes.

Arçelik A.Ş. pioneers in the sector by integrating innovation to its corporate culture and all business processes in line with the

"Innovative" principle and provides significant contributions to technological progress with its vast knowledge in this area. In line with this principle and by force of the digital era, the Company enters new business fields and meticulously evaluates the opportunities brought about by digitalization.

In line with the principle of "Leader", Arçelik A.Ş. makes investments that focus on discovering the talents of the employees, aim to bring up employees who are leaders in their fields and ensure their satisfaction and long term commitment. The Company strives to set an example for the societies it operates in with the pioneering practices regarding transparency and accountability.

With its effective sustainability structure, Arçelik A.Ş. extends the policies in sustainability areas to the whole organization from the senior management to the lowest levels and to the value chain. It does not limit sustainability performance to the organization and considers the performance of value chain elements as binding. With concrete objectives, strong communication and efficient control mechanisms, it ensures the continuous improvement of the sustainability performance.

Sustainability Structuring

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

The Working Groups, ensuring the implementation and dissemination of the decisions taken by the Sustainability Council are formed on the basis of specialization and responsibility. Working Groups, formed by executives and/or experts responsible for sustainability issues, report performance results and developments in their areas to the Sustainability Council. The Sustainability Council convenes twice a year, evaluates performance results for year-end and determines the objectives for the forthcoming year with Arçelik A.Ş. Sustainability Activities year-end Report. Sustainability Council is responsible with reporting critical issues to Board of Directors. It is planned to commission one member of the Board to inform the Board of Directors regarding the studies of Sustainability Council.



Arçelik A.Ş. supports its effective sustainability structuring with corporate policies that bring together its corporate values with the company's sustainability strategy. Working principles and procedures are determined through Ethical Values, Environmental Policy, Energy Policy, Quality Policy, Occupational Health and Safety Policy, Human Resources Policy, Supplier Working Conditions and Public Disclosure Policy; the total harmony of practices with corporate policies is ensured. With the Sustainability Policy to be published in 2017 that will bring together all the policies and strategies in these fields under one roof, Arçelik A.Ş. plans to have a text that will be a basic reference source for its employees and stakeholders.

Arçelik A.Ş. Board of Directors

Sustainability Council

Chairman
Chief Financial Officer

General Secretary
Sustainability and Corporate Affairs Director

*Assistant General
Manager-Production
and Technology*

*Assistant General
Manager-Trade
Turkey*

*Finance
Director*

*Strategic
Planning
Director*

*Human
Resources
Director*

*Customer
Services
Director*

*Innovation
Director*

*Corporate
Communications
Directorate*

Sustainability Working Groups

*Environmental
Coordination*

*Energy
Coordination*

*Climate
Change
Coordination*

*Green
Chemistry
Coordination*

*Occupational
Health and
Safety*

*Human Rights
and Business
Ethics*

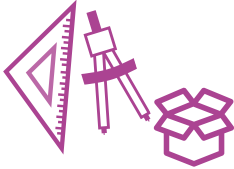
*Value Chain
Management*

*Sustainability
Reporting*



Identification of Material Aspects

The material aspects that have an impact on the sustainability performance of the Company were determined by Arçelik A.Ş. through the study for the Identification of Material Aspects conducted in 2015. The study was conducted in accordance with the principles of stakeholder inclusiveness, sustainability context, materiality and completeness as outlined by GRI G4 Sustainability Reporting Guidelines. The study entailed a prioritization process consisting of three main stages.



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

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

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



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

Participation in Sustainability Initiatives

Arçelik A.Ş. fully complies with the legal regulations of the countries it operates within and abides by voluntary initiatives across social, ethical, economic and environmental areas. By complying voluntarily with codes, initiatives and regulations across various sustainability topics developed within industry, national and global plans such as working principles, product quality, supply chain management and fight against climate change, Arçelik A.Ş. fulfills its corporate citizenship responsibilities.

Arçelik A.Ş. conforms to the United Nations Global Compact which was signed by Koç Group in 2006. The company supports the human rights, working standards and environmental and anti-corruption principles specified in the compact in its own operations and during its supplier assessment processes. Arçelik A.Ş. also ensures the auditing of its production facilities in Turkey and abroad by an independent company, in line with the criteria set by the Business Social Compliance Initiative (BSCI) and Suppliers Ethical Data Exchange (Sedex), which are both widely recognized organizations in European Union.

Arçelik A.Ş. being among the first companies to sign the Code of Conduct, a corporate ethics agreement created by the European Committee of Domestic Equipment Manufacturers (CECED), fully conforms to the industry-specific regulations and directives of the European Union and participates in legislative processes devoted to the application of these regulations to Turkey. Arçelik A.Ş. complies with Environment Friendly Design Requirements Framework Directive (Ecodesign), Restriction of Hazardous Substances Directive (RoHS), Regulation on Registration, Evaluation,

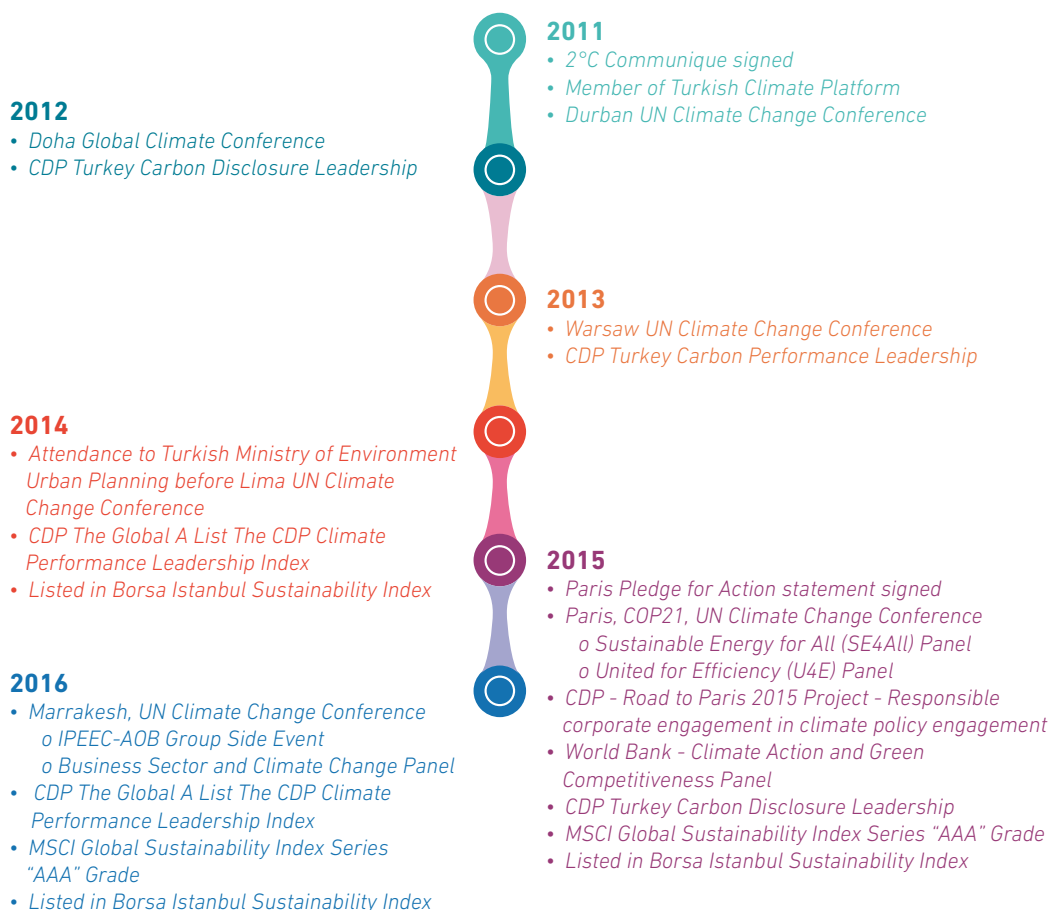
Authorization and Restriction of Chemicals (REACH) Waste Electrical and Electronic Equipment Directive (WEEE). In addition to EU Directives, Arçelik A.Ş. complies with to all related environmental regulations including Regulation on the Control of Waste Electrical and Electronic Equipment (WEEE) in Turkey and the Energy Efficiency Law, Regulation on Increasing the Efficiency of Energy Sources and the Use of Energy.

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

Arçelik A.Ş. was rated "AAA," the highest possible level, by one of the world's most esteemed rating systems, the Morgan Stanley Capital International (MSCI) Global Sustainability Index in 2016, as it was in the previous year. In the same period, Arçelik A.Ş. succeeded for the third time in being listed in the BIST Sustainability Index, which was started to be calculated by Borsa Istanbul in November 2014, and includes companies traded at BIST, with the highest corporate sustainability performance.

Arçelik A.Ş. supports global initiatives reducing the impacts of climate change and reports its environmental effects in line with the guidelines of the prestigious international environmental initiative, the Carbon Disclosure Project (CDP). During the reporting period, Arçelik A.Ş. was entitled to enter the CDP The Global A List CDP Climate Performance Leadership Index." Hence, it became the first Turkish company ever to be entitled to join the list twice in 2014 and in 2016. In the COP22 World Climate Conference in Marrakesh, Arçelik A.Ş. participated in the United for Efficiency (U4E) and "Business and Climate Change" panel discussions of the Ministry of Environment and Urban Planning.

Arçelik A.Ş.'s Journey of Combat against Climate Change





Arçelik A.Ş. ensures to act in the direction of the United Nations' Sustainable Development Goals (SDG), published in September 2015. The goals set by the United Nations are a global call to end poverty, protect our planet and define the right steps to ensure that all people live in peace and prosperity. The goals categorized under 17 main titles constitute the guidelines that countries and organizations should adopt in line with their material aspects.

Arçelik A.Ş. aims to contribute to 9 global goals in line with its operational geography, the sector it operates in, and its material aspects. These are Quality Education, Gender Equality, Clean Water and Sanitation, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Responsible Consumption and Production, Climate Action, Partnerships for the Goals. The practices carried into action in the direction of these goals are included in the report in detail and the related legend is shared with the stakeholders in the Sustainable Development Goals Table at the end of the report.

Arçelik A.Ş.

**SUSTAINABLE
DEVELOPMENT
GOALS**



Dialog With Stakeholders

All individuals and institutions that are influenced by or have an influence on corporate operations are defined as stakeholders of Arçelik A.Ş. The company by focusing on effective, transparent and mutual communication in its governance understanding, creates communication channels that enable direct or indirect participation of its stakeholders in decision making processes. Arçelik A.Ş. prioritizes stakeholders who can undertake productive studies towards a common goal, who adopt common ethical values and with whom it can create permanent values; it strives to constantly improve the participation mechanisms developed for these stakeholders.

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

In order to manage its material aspects, Arçelik A.Ş. strives to bring together the national and international parties of the relevant topics, develops collaborations to produce solutions and contributes to initiatives. The Company takes it as a significant part of its sustainability leadership understanding to lead multi-stakeholder initiatives. Arçelik A.Ş. Suppliers Business Transparency Project with Global Reporting Initiative, UN Environment Programme led by United Nations and World Bank, SE4All and its sub-initiative U4Efficiency, and the program realized in cooperation with The Global Alliance in Management Education and Koç University Business Schools are some of the primary examples to this.

Local Communities

In order to learn the expectations of local communities, Arçelik A.Ş. makes use of various research and survey studies; it responds to these expectations through its products and services, as well as training practices and social projects in social and environmental areas. Corporate web pages, TV, newspaper, radio broadcast and annual and sustainability reports are among the primary communication practices.

Consumers

Our priority is to respond to the expectations of our consumers. With this aim, we conduct surveys, meetings, face to face meetings and focus group studies and form channels such as websites and support lines. We respond to questions of consumers regarding product properties, technical support and complaints via these channels. To inform our consumers regarding our activities, products and services, we make use of annual and sustainability reporting along with marketing communication tools.

Employees

With the objective to encourage our employees to actively participate in decision making and practice processes, we use suggestion systems and employee surveys. Moreover, we conduct employee satisfaction surveys every year and plan the necessary ameliorations. With intranet, we develop the relations of our employees with the company and among themselves. The tools we employ in order to inform our employees regarding our activities are our website, intranet, corporate TV channel, bulletins, internal publications, trainings, annual and sustainability reports.

Shareholders

The main dialog channels of Arçelik A.Ş. with its shareholders are General Assembly Meetings. All our shareholders use their right to express opinions and obtain information within the limits of regulations. Annual and sustainability reports, internet, material disclosure, roadshow and investor presentations are among other tools we employ.



Authorized Dealers, Services and Retailers

We continuously inform authorized dealers, services and retailers, who are among the most important components of Arçelik A.Ş. value chain, regarding corporate activities, products and services; we conduct studies to enhance the knowledge and talent necessary for them to carry out their operations efficiently and sustainably. Annual meetings, face-to-face interviews, websites, corporate TV channels, trainings and seminars are among the primary communication tools used in this regard.

Suppliers

Online portal, visits and audits form the basis of the dialog with our suppliers. Stakeholdership and continuity of common targets are ensured through Supplier Days, Innovation and Technology Days and Business Transparency Project. Other informative tools we employ are annual and sustainability reports.

Trade Unions

The participation of trade unions, with which a constructive dialog based on mutual goodwill is formed, in the decision-making processes of Arçelik A.Ş. is heeded, their advice is sought about decisions regarding employees. Collective bargaining agreement processes are the periods when union relations are at their peak.

Public Institutions

Arçelik A.Ş. contributes to public institutions' regulation studies, meets their information demands regarding industry through industry-specific channels, supports projects and initiatives aimed at national and social development.

Sector Institutions and Nongovernmental Organizations (NGOs)

Arçelik A.Ş. is a member of various organizations, such as associations, foundations, research institutions, institutes, unions and sectoral organizations; active participation based on membership, joint works and projects being conducted are at the basis of the company's dialog with these stakeholder groups. The Company, which comes together with stakeholders on various platforms for the development of the industry, particularly in Turkey and Europe for the development of commerce and economy and the solution of problems in environmental and social areas, also makes use of one-to-one meetings and annual and sustainability reports as efficient communication tools.





Participation In Nongovernmental Organizations	Level Of Participation
European Committee of Domestic Equipment Manufacturers (CECED)	Membership to Steering Committee and working group memberships
White Goods Suppliers Association	High Level Representation
Various Chambers of Industry and Commerce	Membership to Assembly, to Professional Committee, Various Technical Board Memberships and High Level Representation
Foreign Economic Relations Board (DEİK)	Membership to Board of Directors and Founding Presidency (Chairmanship), Vice Presidency, Business Council Delegation in various business councils
Electronic Equipment Manufacturers' Association (ECİD)	Vice Presidency
Electrical Electronics Services Exporters' Association (Turkish Electro Technology - TET)	Chairman of the Board
Ethics and Reputation Society (TEİD)	High Level Representation
Heating and Cooling Air Conditioner Research and Training Foundation (ISKAV)	Membership to Board of Trustees
Air Conditioning & Refrigeration Manufacturers' Association (İSKİD)	Membership to Board of Directors, General Assembly and Working Committees memberships
Istanbul Foundation for Culture and Arts (İKSV)	Membership to Board of Trustees and Audit
Turkish Electronic Industrialists Association (TESİD)	High Level Representation
Turkish Industry & Business Association (TÜSİAD)	High Level Representation and Memberships to several Working Groups and Commissions
White Goods Manufacturers' Association of Turkey (TÜRKBESD)	Vice Presidency, Memberships to Board of Directors, Membership to Technical and Marketing Committees
Turkish Informatics Foundation (TBV)	High Level Representation
Foreign Trade Association of Turkey (TURKTRADE)	Member of the Board, Memberships to Working Groups
Turkish Exporters Assembly (TİM)	Associate Membership to Electrical Electronics and Service Sector Council Chairman Electrical Electronics and Service Sector Assembly
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Chairman of the Board of Consumer Durables Sector Council, Patent and Brand Management Sector Council Membership
Turkish Investor Relations Society (TÜYİD)	High Level Representation
People Management Association of Turkey (PERYÖN)	Membership to Board of Directors and High Level Representation
Turkish Employers' Association of Metal Industries (MESS)	Deputy Chairman of the Auditing Board, Membership to Occupational Health Commission and Other Memberships
Corporate Governance Association of Turkey (TKYD)	High Level Representation
Scientific and Technological Research Council of Turkey - Turkish Management Sciences Institute (TÜBİTAK- TUSSİDE)	Membership to Advisory Committee
Association for the Protection of Intellectual Property of Turkey	Membership to Board of Directors, Membership to Board of Supervisors and Other Working Group Memberships
International Advertising Association	Full Member of the Board of Directors
Groupement Interprofessionnel des Fabricants d'Appareils d'équipement Ménager (GIFAM)	Board Member
Russian-Turkish Businessmen Association (RTİB)	Board Member





I dream of a workplace where managers have a guiding spirit, respect human and employee rights and lead the employees towards happiness through success.

Ceylin Su Gültekin, age 10

Respect For Human and Employee Rights

Offering a fair, participatory, healthy and decent working environment, supporting development is among the business priorities of Arçelik A.Ş. To this end, the company acts along human resources policies based on human and employee rights; the principle of opposing discrimination is observed in all processes starting with recruitment. The company offers communication mechanisms encouraging the participation of all internal stakeholders in decision-making processes, implements career planning practices supporting the personal and professional development of the employees at all levels. The company carries out pioneering occupational health and safety practices and ensures the continuous performance enhancement in related area.



Goals for 2020

Female Manager Ratio

↑ **24%**

Arçelik A.Ş. aims to increase the ratio of female managers from 16% to 24% in global operations by 2020.



Average Training Hours per Employee



↑ **24**
Hourly Wage

↑ **38**
Monthly Wage

Arçelik A.Ş. aims to increase the average training hours per employee in all global operations to 38 hours for monthly wage employees and to 24 for hourly wage employees by 2020.

Employee Engagement Rate

↑ **64**
Monthly Wage

↑ **43%**
Hourly Wage



Arçelik A.Ş. aims to increase the employee engagement rate in global operations to 64% for monthly wage employees and to 43% for hourly wage employees by 2020.

Accident Frequency Rate / Accident Severity Rate



↓ **25%**

Arçelik A.Ş. aims to reduce the Accident Frequency Rate and Accident Severity Rate indicators by 25% in Turkey until 2020. The occupational health and safety performance goals of the other countries covered in the report will be announced in the forthcoming periods due to the ongoing investments in related country operations.

Working at Arçelik A.Ş.

Being an employer that respects human and employee rights is among the primary sustainability priorities of Arçelik A.Ş. who is taking significant steps toward growth. The company continuously develops its human resources practices that it implements, furthering its performance in this area. Arçelik A.Ş. which defines its human and employee rights policies in accordance with the requirements of international initiatives in which it participates voluntarily, ensures that its approach and practices are audited by independent auditing firms and transparently reports its performance in compliance with the requirements set forth by the same initiatives.

While defining human resources policies, a fair and anti-discriminatory approach is taken as basis. Equal opportunities are provided to all candidates who have the required training, knowledge, skill, competency and experience in recruitment processes; practices based on merit are conducted regarding remuneration, fringe benefits and promotion. All employees are considered equal without any discrimination based on ethnic origin, race, language, religion, age, gender, sexual orientation, nationality, disability or cultural difference. Based on this approach, all human resources processes are carried out according to the principles of right person for the right job, equal pay for equal work, success based merit and equal opportunities for all.

The freedom of association and collective bargaining rights of employees are observed within the framework of the relevant legal regulations in all operational geographies of Arçelik A.Ş., the requirements of the principle of opposing "Child Labor" and "Forced or Involuntary Labor" are fulfilled both by Arçelik A.Ş. and by our suppliers.

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

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



The remuneration system that Arçelik A.Ş. implements in line with the principle of equal pay for equal work, aims for fair remuneration practices where employees are compensated for their performances. Wage increases for employees who are not union members are determined in accordance with individual performance results, wage researches, market conditions, economic indicators, the company's ability to pay and balance within the company. In the countries where Arçelik A.Ş. operates, the remunerations and fringe benefits for employees who are union members are determined within the framework of the collective labor agreements signed with the authorized employee union at our locations. The wages of employees not involved in the scope of the collective labor agreement are evaluated once a year and the wage and fringe benefit strategy for the new period is reviewed. There is absolutely no discrimination based on gender within the context of the remuneration policy of Arçelik A.Ş.



Flextra Program is a fringe benefit model aiming to meet the varying needs of employees through flexible solutions. In our day, needs shaped by different living conditions and expectations require offering individual solutions and options for employees. The program offers 56 different product options in 11 main product groups for Arçelik A.Ş. employees, who are not union members. The participation rate of our employees who were included within the scope of Flextra was realized as 70% in 2015 when the program was first launched, in the reporting period this rate increased to 86%. Studies to deploy the program in other countries where Arçelik A.Ş. operates are in progress.

Arçelik A.Ş. aims to apply flexible working models to ensure employees live a healthy and balanced life, manage their works in the best way according to their productive hours as well as to attract talented workforce to Arçelik A.Ş. In Turkey operation, ITU Technopolis has been selected as the pilot area and the core working hours have been determined. Even though the flexible working model is not officially put into practice in the UK operation, flexibility for employees returning from maternity leave or who reside afar is already provided. The company strives to deploy the flexible working project across the company.

With the nursery practice, female employees with children between 0-72 month old and male employees who are obliged to look after the children in this age range alone are provided with nursery assistance. During the reporting period, return to work rate after birth in Turkey operations is 94%, 96% in the Romania operation, 73% in the UK operation, 100% in France and 71% in Russia. The Retention Rate, reflecting the proportion of employees who continue to work following 12 months after they return from maternity leave, was 84% in Turkey operation, 96% in Romania operation, 100% in UK* operation, 100% in France and 90% in Russia.

** As the UK's laws on maternity leave cover a 52-week period, the rate of returning to work in the following year is lower than in other operation countries.*



Freedom of Association

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

Arçelik A.Ş. is a member of Turkish Employers' Association of Metal Industries (MESS), and is the authorized employee union of Turkish Metal Union to represent our employees in Turkey operations. On December 15th 2014 the Collective Labor Agreement, covering the period between 01.09.2014 and 31.08.2017, was signed between MESS and Turkish Metal Union. In the reporting period, 171 Arçelik A.Ş. employees were assigned in employee unions while 3 employees took office in the employer union. As of the reporting period, 68% of the total number of employees in the countries where Arçelik A.Ş. operates are union members.

The Number and Rate of the Union Member Employees

	Total Number of Employees	Number of Union Member Employees	Rate of Union Member Employees
Turkey	17.332	14.576	84
Romania	3.653	3.324	91
United Kingdom	229	0	0
Russia	1.405	0	0
France	77	0	0
Other	6.855	2.279	33
Total	29.551	20.179	68



Talent Acquisition

Arçelik A.Ş. strives to incorporate highly qualified and successful youth as well as expert and experienced professionals. The competency evaluation of talents during the recruitment process are conducted in accordance with the competency model called Arçelik Leadership Profile, and the Company pay special attention that all the talents to be incorporated possess these competencies. In this regard, a common talent evaluation process was defined; with digital tools and assessment center applications, the objectivity of the processes is ensured.

By means of the Candidate Suggestion System that was introduced in 2016, Arçelik A.Ş. enabled employees to participate in talent acquisition processes with a measurable system. During the reporting period, 12% of the recruitments were carried out with employee suggestions through the system and an important step was taken in creating resources.

Within the scope of the Interview Experience Survey, initiated in 2015 and planned to be conducted regularly every year, Arçelik A.Ş. sends surveys to the candidates participating in the recruitment processes and the candidates are asked for sharing information on the experience they had during the interview process. As a result of the survey conducted in 2016, the candidates evaluated the satisfaction level of interview experience as 3.0.



Arçelik Leadership Profile

Grow

- Think Globally
- Shape the Market with Innovation
- Focus on Customer
- Execute with Excellence

Respect

- Listen Deep
- Welcome Diversity
- Earn Trust
- Build Collaboration

Lead

- Inspire and Empower
- Promote High Performance and Accountability
- Develop Capability
- Impact For Collective Success

Organizational Development and Talent Management

Arçelik A.Ş. acting with the principle of “managing diversity to enhance global organization and talents”, conducts studies devoted to organizational development and human resource management every year as part of its strategic plans.

Talent management policies supporting its global organization are designed and implemented in a manner exceeding employee expectations and defining the future. Fair and trendy performance and career management practices, training and development activities, recruitment, rewarding and remuneration systems are formed to attract talented employees, develop and retain them.

Arçelik A.Ş., who defines all its employees as talents, focuses on identifying employees’ distinctive talents and providing them with opportunities that will enable them to develop their talents. Arçelik A.Ş. supporting its employees to take a proactive role in their career development, encourages all its employees to work in different locations and functions by announcing open positions through the Internal Job Posting System.

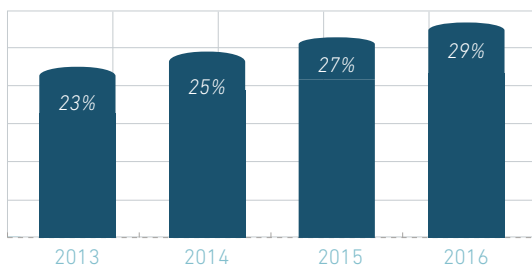
With the Human Resources Planning process, Arçelik A.Ş. reviews the career development of all employees every year and prepares plans in accordance with the goals of the global organization. In this process, potential employees who will carry the global corporate organization to its strategic targets are identified, the development plans of these employees are formed and they are prepared for the roles they will play in the future. Development plans are prepared in line with the competencies that the organization expects from its leaders for identified potential employees and the results of these practices are used to constitute long term development plans. Every year, approximately 100-120 employees are subjected to the assessment center applications.

Arçelik A.Ş. prepares short and long term succession plans that will carry the organizational structure to the future in a sustainable way. In these plans, potential employees are matched with appropriate managerial positions and the succession fulfillment rates are monitored. Succession plans are actively used in all organizational changes. During the reporting period, 17.4% of employees working at Turkey operations went through rotation, promotion and reassignment processes.

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



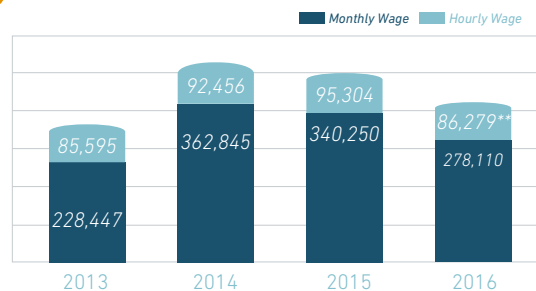
Potential Employee Rate*



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



Total Hours of Training*



*The table reflects figures regarding Turkey operations.

**Within the scope of our talent management strategy, infrastructure studies for Training and Development Management System were completed in 2016 and it was launched in Turkey in May. Although the system enabled a more focused selection of trainings and integrated them with development plans, the trainings which could not have been provided in the first three months of the year caused a decline in 2016’s person*hour figures.



Employee Development

Arçelik A.Ş. believes that individual successes underlie organizational success and offers training and development solutions enabling its employees to achieve their career targets. The development process at Arçelik A.Ş. aims constantly supporting employees in their technical and behavioral developments in line with Company strategies and goals. At Arçelik A.Ş., development solutions designed to support employees' developments in technical expertise and/or leadership lines, are offered under 3 main categories.

Talent in You

Functional and professional development trainings that will contribute to personal development and professional careers of the employees, competency and individual

development trainings, orientation programs to help newcomers quickly adapt to work and foreign language trainings are presented under this category.

In addition to these trainings, Arçelik A.Ş. designs and implements development activities such as conferences, seminars and webinars. Besides these, "Arçelik Competency Development Guide" which features on-the-job activities, various visual/audio and reading materials is an important developmental resource for employees.

Future in You

These programs aim to enhance the potential of Arçelik A.Ş. employees in order to enable them achieving higher positions in their career journeys. Future in You programs are managed in an integrated manner with Talent in You and Leader in You programs.

Leader in You

These programs are developed with the aim of training effective leaders in the global organization. The leadership levels are defined in three stages which are "Managing Team", "Managing Manager", "Managing Function." The leadership skill levels, the behaviors and values required for the success differs in these three stages. To that end, Arçelik A.Ş. designed development programs specific to the requirements of all three stages. Besides, the Company adopts three perspectives for transition programs, continuous programs and potential programs regarding these stages and supports the development of the managers with programs designed in line with this approach.

TECHPRO
ACADEMY
Capture the Technology & Dream Your Future



TECH PRO Academy

TECH PRO Academy, which was launched in 2016 with the cooperation of Koç University, aims to develop competence, knowledge and skills to support the corporate innovation and digitalization that Arçelik A.Ş. will need in the future and to prepare the Company for the future. To set a course for the development of the engineers engaged in Arçelik A.Ş. operation in their specialty careers, enhance the technical competencies within the institutional plan and promote institutional engagement are among the goals of the Academy.

The Academy, consisting of modular programs that allow employees to design their own development plans since their first day at Arçelik A.Ş. and provide the participants with prior planning flexibility, is designed as a long-term program that incorporates various technical trainings such as Data-Driven Decision Making, Data Analytics, Design-Focused Thinking and User Interface. Arçelik A.Ş. aims to ensure that each year, more than 200 engineers participate in more than one module, as well as other internal and external trainings, and have an average of 12-14 days of training per year. The training initiated in the Turkey operation during the reporting period, are planned to be put into practice in foreign operations as of 2017.

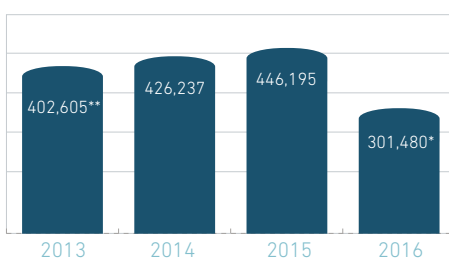
Messages From Our Employees

I participated in the R&D module of Tech Pro. The messages of an education were so related to my job; our needs were successfully analyzed and explained clearly to the instructors.
Sena Davasligil, R&D Directorate, Structural Design Management

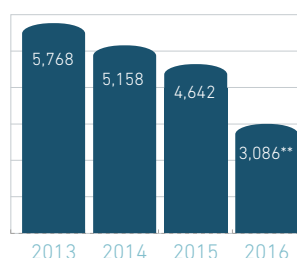
We got an idea about what to focus on aside from the classical approach.
Alaattin Vardar, Washing Machine Facility Production Engineering Management

It was a great pleasure to receive a training from a completely different discipline. The training materials were so intense and good, it was really nice to see the big picture.
Izlem Tekin Bayrak, Manufacturing Technologies Directorate Center Production Engineering Management

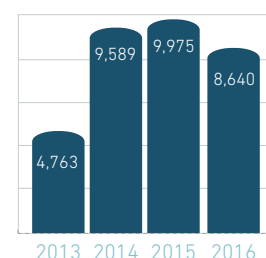
Talent in You (Total Hours of Training)



Future in You (Total Hours of Training)



Leader in You (Total Hours of Training)



*Since the total training hours data of the Talent in You and Future in You programs regarding 2016, are registered in the system on January 2017, the figure is higher than the one declared in the 2016 Annual Report.
**In 2016, the decrease in total hours of training in the Future in You programs compared to the previous years, is caused by the programs that could not be carried out due to the updates in training and development program designs.

Employee Engagement And Motivation

Arçelik A.Ş. who gets its strength from its engaged and happy employees who works devotedly with team spirit, annually carries out Employee Engagement Survey conducted by an independent consulting institution. General trends in the company, successful practices and improvement areas are identified from the employee perspective through the survey and the Company defines the primary focus areas to create a happy workplace, by considering the results of the survey. According to the results of the survey conducted during the reporting period, the systems and processes such as award management, career management, training and development, product sales to employees were updated and practices like complementary health insurance, suggestion system were introduced.

According to the results of the survey in Turkey operation conducted during the reporting period, the engagement results reached 39.1 with an increase of 6.8 points compared to the previous period. The hourly wage employees' engagement index rose by 6.6 points to 34.7 points while the monthly wage employees' engagement index rose by 5.9 points to 60.9 points. The results are the highest in the last 5 years.

Arçelik A.Ş. carried out a study in 2016 for operations outside Turkey where employee engagement survey is conducted every two years.



Employee Engagement Survey – Turkey (%)



Employee Engagement Rates in 2016 (%)		
	Monthly Wage	Hourly Wage
Turkey	61	35
Romania	68	63
Russia	75	65
United Kingdom	65	-
France	32	-



Employee Communication

Arçelik A.Ş. makes use of bidirectional communication mechanisms allowing employees to be informed about corporate activities in a fast and transparent manner and to participate in decision-making processes. Employee feedbacks in various areas, ranging from improvement suggestions for business processes to expectations and complaints about the working environment, are obtained through communication channels. In the light of employee feedbacks, the Company created e-mail addresses to all employees in the global operations during the reporting period, and in addition to Arport-company intranet, introduced in-house social networks that will allow bidirectional transparent communication. With the Yammer application introduced within the scope of these practices, all employees are allowed to connect with other employees by shared interactions, to communicate their opinions through the surveys conducted within the company, and thus the social communication within the company has been strengthened. In addition, the Pause&Play brand managed with "take a break, get together" motto since 2012, is another channel used in internal communication activities.

During the reporting period in order to receive employee suggestions and contributions in a more effective manner, Arçelik A.Ş. carried The Suggestion System to electronic platform and enhanced the process. With the system, employees communicate their suggestions under categories of Occupational Health, Product Quality, Employee Engagement, Efficiency, Process/Service Quality, Environment and Energy Efficiency in Production. Their suggestions are evaluated by relevant experts. In 2016, 1.955 suggestions were provided by employees and 360 of these suggestions have been implemented, the employees whose suggestions have been implemented were rewarded.

Arçelik A.Ş. organizes many social club activities such as photography courses, choir workshops, theater, sailing and diving activities, which give employees the opportunity to socialize and practice their hobbies. While 19 clubs were actively operating in 2015, this figure increased to 41 in the reporting period.

Award Systems

Under the umbrella of "Congratulations Awards" management, there are award programs in different categories.

Seniority Awards: The awards carried out within Koç Group, are given to employees who have completed the 10th, 20th, 25th, 30th and 35th years of service, due to their service and commitment.

Shining Moments: The awards are given to employees who adopt behaviors aligned with the competencies that Arçelik Leadership Profile requires.



Superiodic Awards: The awards specific to directorates and functions, are given to outstanding works achieved according to the performance indicators. The awards distributed under Superiodic Awards are as follows:

- Sales Awards
- Research and Innovation Framework - Marie Curie
- Article of the Year
- Warehouse of the Year
- Successful Performance – Hourly Wage
- Excellent Attendance – Hourly Wage

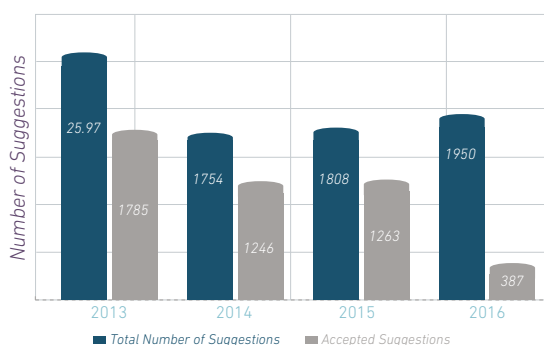
Planned Awards: These are award processes where innovative and distinctive projects in line with Arçelik A.Ş.'s vision and goals, are identified and celebrated with special ceremonies. The process involves all Arçelik A.Ş. employees engaged in operations in Turkey and abroad. Planned Awards' categories, through which Arçelik A.Ş. evaluates and rewards successful works performed in the recent year within a defined framework, consist of 3 main titles:

- Pioneers
- Pyramid Climbers
- Most Successful Koç Members

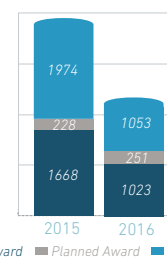


In addition to "Congratulations Awards", with the "Invention Day" organized for 16 years, employees who contribute to the technological knowledge of Arçelik A.Ş. with their inventions are rewarded. In 2016, 413 inventors were rewarded within this scope. The Invention Day, attended by all senior management, is at the same time a meeting where Arçelik shares the progress level and goals regarding this issue.

Suggestion System



Number of Awarded Employees





Occupational Health And Safety





Arçelik A.Ş., with the practices it realizes in line with zero work-related accident and zero occupational disease objective, constantly improves its performance in the occupational health and safety area which is among its sustainability priorities. The development of the occupational health and safety performance managed with common indicators and concrete targets in all the operational geography, is ensured through risk analysis, awareness trainings and campaigns plus audits.

You can access the Occupational Health and Safety Policy of Arçelik A.Ş., on the corporate website, under the "Human Resources" tab: http://www.arcelikas.com/sayfa/195/Is_Sagligi_ve_Guvenligi

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

Goals for 2020

Accident Frequency Rate  25%
 Accident Severity Rate  25%

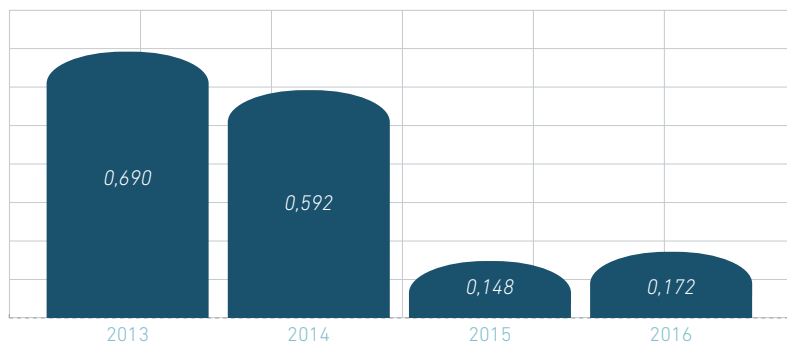


Arçelik A.Ş. aims to reduce the Accident Frequency Rate and Accident Severity Rate indicators by 25% until 2020. The occupational health and safety performance goals of the other countries covered in the report will be announced in the forthcoming periods due to the ongoing investments on the operations taking place in the relevant countries.

In the reporting period, 200,789 person*hour of occupational health and safety training was provided to employees in Arçelik A.Ş. Turkey operations, while 5,266 person*hour training was provided to subcontractor company employees. In the same period, we provided employees in Romania operation with 27,318 person hour training, employees in the Russia operation with 14,589 person*hour training, employees in the United Kingdom operation 200 person*hour training and employees in the France operation 757 person*hour training on occupational health and safety.

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

Safety Factor



* The table reflects figures regarding Turkey operations.



In the reporting period, the accident frequency rate, which indicates the frequency of work-related accidents per total actual working time, was improved by 13% compared to the previous year, achieving the level of 3.21. In the same period, the accident frequency rate in the Romania operation where production activities are carried out, was decreased to 0, while in Russia operation it was improved by 72%, achieving 1.08.

The accident severity rate, which indicates the number of lost working days due to work-related accidents per total actual working time, was improved by 35% reaching the level of 0.054 in Turkey operations. In the Romania operation the accident severity rate was decreased to 0, while in Russia operation it was once again improved by 72%, achieving 0.029. In order to keep the downward trend of the accident frequency rate and reduce the increase in the accident severity rate, Arçelik A.Ş. conducts studies and projects within the scope of Arçelik OHS Activity Plan with the participation of all the relevant departments.



Arçelik A.Ş. believes in the significance of employee engagement in the area of Occupational Health and Safety, it organizes OHS Committees that help monitor employee health and occupational safety programs and provide recommendations on related issues. 279 members participate in 15 committees in Turkey operations and 22 employee representatives assigned in these committees represent all Arçelik A.Ş. employees. 1 committee at the Romania operation includes 12 members, of which 6 are employee representatives, 1 committee at France operation includes 8 members, of which 3 are employee representatives, and 3 committees at the United Kingdom operation representatives, 13 members all of which are employee representatives. Employee representatives cover all the workforce in relevant countries. Employer liabilities regarding occupational health and safety subjects are determined within the scope of the collective labor agreement and guaranteed. Employees are guided in OHS subjects, trainings are provided by occupational safety experts and occupational physicians for employees in all Arçelik A.Ş. facilities.

In 2016, Arçelik A.Ş. was awarded in the Second Occupational Health and Safety Award Contest organized by MESS, in the field of "Recommended Practices" with the "Prevention of Working Accidents at the Press Mold Zone" study conducted at the Cooking Appliances Plant. In the same period, the Company was also awarded second prize in the MESS Gold Proposal OHS Competition, with the project suggested and carried out by the Supply Chain Directorate employees named as "Three-Level Wheelbarrow Equipment Design".





I throw my milk and water plastic bottles to recycling box because they are not trash.

Tuna Aşureciler, age 5

Environmental and Energy Management

Arçelik A.Ş. makes superior efforts to minimize the environmental impacts caused by its production processes and the use of its products, in accordance with its commitment to combating climate change. The Company consistently reduced its energy consumption and greenhouse gas emissions with the energy efficiency projects it conducts. Arçelik A.Ş., which considers the areas of environmental impact arising throughout the lifecycle of its products to be part of its environmental responsibility, constantly reduced its environmental footprint by effectively managing all the stages of its value chain.



Goals for 2020

Energy Consumption per Product 45%



Arçelik A.Ş. aims to reduce its energy consumption per product in Turkey, Romania and Russia operations by 45% in 2020, as against the base year of 2010.

Establishing a Renewable Power Plant with a total capacity of 6 MWp



Arçelik A.Ş. aims to establish a renewable power plant with a total capacity of 6 MWp, by the end of 2020.

Green Electricity Use Rate 100%



Arçelik A.Ş. aims to increase the share of the supply of electricity generated from renewable energy resources to 100% in its Turkey campuses as of 2020.

Environmental and Energy Management Approach

The principle of “environmentally friendly approach throughout product lifecycle” lies at the basis of the environmental and energy management practices of Arçelik A.Ş. The environmental sustainability performance of the Company is consistently improved with this approach, with which all processes from the design of products to their manufacture, to their delivery to their end of lifecycle are tracked.

At Arçelik A.Ş., the environmental and energy management approach is actualized within the context of an effective operational structure, corporate policies, and management systems.

Targets are determined in parallel with policies and strategies in the fields of environment and energy at Environmental Coordination and Energy Coordination Committees and the monitoring of these targets is ensured through international standards taken as reference. Arçelik A.Ş. Environmental Policy and Arçelik A.Ş. Energy Policy, which constitute the fundamental basis of the practice carried out in these fields, are supported with international standards, such as ISO 9001 Quality Management System Standard, ISO 14001 Environmental Management System Standard, ISO 14064-1 Greenhouse Gas Reporting Standard and ISO 50001 Energy Management System Standard.

What We Said in 2015

Carrying out environmental awareness raising activities for the purpose of generalizing environmental awareness throughout the company.

What We Did in 2016

Employees were offered 12,688 person*hour of environmental training in Turkey operation, 2,418 person*hour in Romania operation, and 334 person*hour in Russia operation.

The performance exhibited by Arçelik A.Ş. in the areas of environment and energy are periodically shared with its stakeholders in accordance with the principles of transparency and accountability. External audits carried out by independent organizations and regularly conducted intercorporate system audits are actively used to control our performance more effectively and to guarantee its continuity.

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

Arçelik A.Ş. allocates significant resources to environmental protection investments and expenditures every year, in order to minimize its environmental impacts. In this regard, over 16 million TL worth of resources were transferred to these processes in Turkey operations, with a 14% increase as against the previous period. In the same period, resources worth 1,166,494 Euros' worth of resources were allocated to environmental protection investments and expenditures in Romania operations, and 598,898 Euros' worth in Russia operations.

Arçelik A.Ş. provides periodical environmental trainings for its employees and employees of subcontractor companies it works with in order to generalize its environmental sustainability approach within its organization and value chain. In this scope, 6,575 employees in Turkey operations were offered a total of 12,688 person*hour, and 416 subcontractor employees a total of 262.80 person*hour of environmental training. In the same period, 2,418 person*hour of environmental training was provided to 1,612 employees and 739.50 person*hour of environmental training to 493 subcontractor employees, within the scope of the Romania operation. Also in the year 2016, 334 person*hour of environmental training was provided to 348 Arçelik A.Ş. employees at our Russia operation.



Combating Climate Change

Arçelik A.Ş. considers climate change to be a main risk for the sustainability of its operations. The Company actualizes pioneering practices in combating climate change and conducts studies to reduce its carbon footprint in accordance with both its sustainability strategies and the responsibilities of being a global player. Arçelik A.Ş., which actively participates in national and international initiatives for combating climate change, actualizes practices that set an example for all its stakeholders, primarily components of its value chain.

Emissions generated by the production operations of Arçelik A.Ş. have been calculated and verified by an independent accredited institution in accordance with ISO 14064-1 Standard since 2010 in Turkey operations and since 2015 in the Romania operation. During the reporting period, Russia operation was included into the scope of this study, and its GHG emissions were calculated and verified by an independent accredited institution with regards to ISO 14046-1 standard. By means of the energy efficiency projects and other practices carried out during the reporting period, direct greenhouse gas emissions at Turkey operations were reduced by 2%, indirect greenhouse gas emissions by 36%, and total greenhouse gas emissions by 10%, as against the previous year. In comparison with the base year of 2010, the decrease in total greenhouse gas emissions in the 6-year period is at the level of 56%.

Within the scope of the practice actualized in its Turkey campuses for the first time in 2012, Arçelik A.Ş. supplies electricity generated from renewable energy resources, thereby achieving significant improvements in its indirect greenhouse gas emissions. The supply rate of electricity generated from renewable energy resources, which was realized approximately as 1% in 2012, 28% in 2013, 78% in 2014, and 82% in 2015, was increased to 88% in the reporting period. Arçelik A.Ş. aims to increase the share of the supply of electricity generated from renewable energy resources to the level of 100% in its Turkey operations as of 2020.

The scope of "Scope 3 Emission Calculation (Logistics) Project" was expanded in 2016. The greenhouse gas emissions generated in 2015 by domestic, export and import logistics operations of Arçelik products, were verified at the level of 'limited assurance' by an independent accredited institution, were realized as 135,004 ton CO₂e.

Arçelik A.Ş. conducts air emissions management works and shares the results provided by independent accredited laboratories measuring compliance level with official institutions. In the reporting period, the relevant emission values of all the operations of Arçelik A.Ş. in Turkey, Romania and Russia were below legal limits.



What We Said in 2015

Reducing our greenhouse gas emission by achieving 5% energy savings through energy efficiency projects.

Following developments about renewable energy investments and maintaining feasibility studies.

Preserving or exceeding the 2015 level in the supply share of electricity generated from renewable resources.

What We Did in 2016

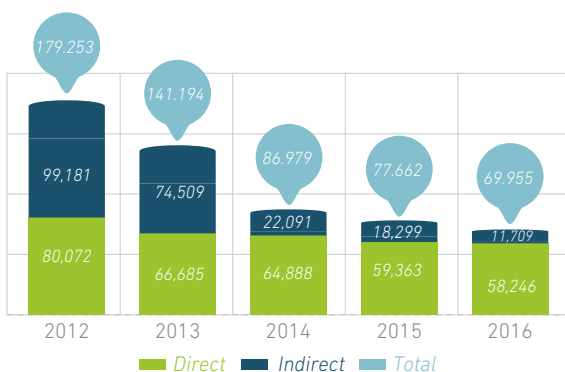
Energy consumption was reduced by 1.2% and greenhouse gas emissions by 10%.

Studies have begun for establishing a 500 kWp production facility with Photovoltaic Solar Energy resource on the roof of its warehouse in Çayırova campus within the scope of uncensored electricity generation.

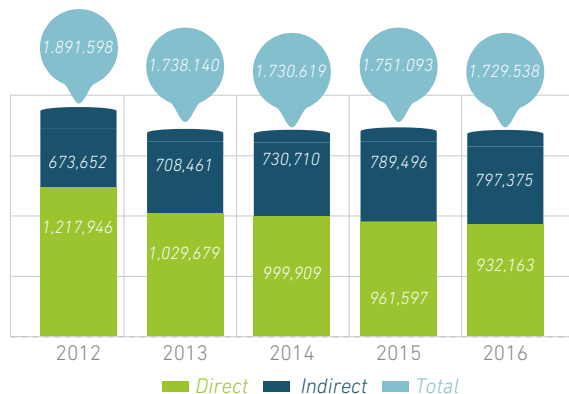
Green electricity supply rate, which was realized as 82% in 2015, was increased to the level of 88%.



Greenhouse Gas Emissions (ton CO₂e)*



Energy Consumption (GJ/Year)*



* Represents figures for Turkey operations.



A Message from Ph.D, Melsa Ararat, Sabanci University School of Management and Corporate Governance Forum - CDP Turkey Director

Since 2012, Arçelik A.Ş. has regularly shared with the investors and the public how it manages risks of climate change and how it makes use of the opportunities, through the CDP platform. With the scope and content of these public announcements, Arçelik A.Ş. was awarded as Turkish Carbon Disclosure Leader in 2012 and 2015, and CDP Turkey Performance Leader in 2013. More importantly, Arçelik A.Ş. has become one of the global leaders to be included on "the Global A List: CDP Climate Performance Leadership Index in 2014 and in 2016.

Carbon pricing used by Arçelik A.Ş. in its internal projects, was included in CDP's "2016 Global Price on Carbon Report" as one of the best practices in the world. Arçelik, who participated in the "Commit to Action" campaign initiated during the Paris Agreement, proved that it actively contributes to the building of a better future for all of its shareholders, and that it is well prepared for the future, by making use of the risks and opportunities of climate change. I congratulate all of Arçelik's employees, the general manager and the board of directors for developing superior competence in this area and for their cautious management approach.

Energy Efficiency in Production

Arçelik A.Ş. implements energy efficiency projects and practices in its operational processes, thereby both minimizing the environmental impacts generated by these processes and achieving significant savings in energy costs. The Company manages its performance in this area through concrete targets and effective audit mechanisms, identifies areas open to improvement through periodical analyses it conducts, and carries out energy efficiency projects.

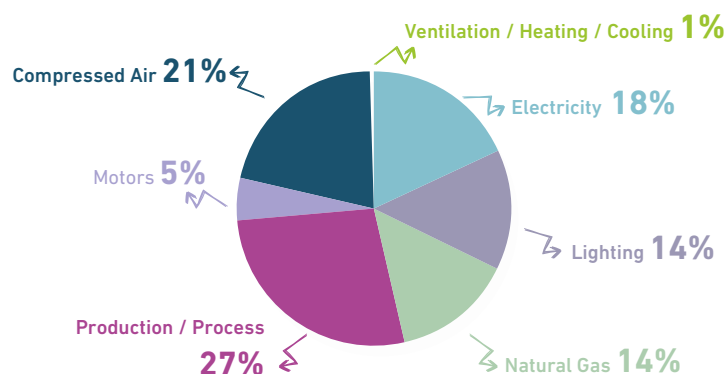
In the reporting period, the total energy consumption within the scope of the Turkey operations of Arçelik A.Ş. was reduced by 1.2% as against the year 2015, while this figure increased by 8.4% for the Romania operations. Thanks to 175 energy efficiency projects realized within the scope of Turkey operations in 2016, 55,851 GJ of energy saving was achieved, while a reduction of 4,383 ton CO₂e in greenhouse gas emissions was ensured. Also in the reporting period, by means of 19 energy efficiency projects realized within the scope of Romania operation, 14,939 GJ of energy saving and 1,272 ton CO₂e of emission reduction was ensured. In the same period, 20 energy efficiency projects were realized in the Russia operation, ensuring 5,228 GJ of energy saving and 393 ton CO₂e of emission reduction.

One of the prominent energy efficiency projects in the reporting period was carried out at Arçelik A.Ş. Cooking Appliances Plant located in Bolu. Within the scope of the Heat Pump Project that was actualized, a heat pump investment was made to recover the heat lost at the cooling facilities in the plant and to reduce the burden on the boiler. Through the project, savings were achieved in the cooling load by deactivating the existing chiller and its cooling tower at the facility as well as the heating load through heat recovery. 13,320 GJ of annual energy savings was achieved and 1,736 ton CO₂e of greenhouse gas emission was prevented by means of the project.

Arçelik A.Ş. was deemed worthy of two awards at the Energy Efficiency Week organized in 2016. Çayırova Washing Machine Plant was awarded the first prize in the Most Efficient Industrial Facility (EVET) category in the Electrical Equipment Manufacture sector with its sustainable energy efficiency in production, for being the plant to reduce its energy density the most in its own sector. Whereas Eskişehir Refrigerator Plant was awarded the second prize in the Industrial Energy Efficiency Improvement Projects (SEVAP-2) category with the energy efficiency projects it actualized in 2015.

Arçelik A.Ş. is constantly improving its energy consumption per product through projects and practices implemented at its operations located in Turkey, Romania, and Russia. As of the year 2016, energy consumption per product at the said operations was reduced by 34%. The Company aims to reduce its energy consumption per product by 45% as of 2020, in comparison with the base year of 2010.

The projects realized within the Turkey operations by scope is as follows:





Energy Efficiency in Products

At Arçelik A.Ş., works aimed at reducing environmental impacts are not limited to production processes, instead acting with an approach that accounts for the whole lifecycle of products. By means of the R&D works conducted, the environmental impacts of products are consistently reduced, also achieving a significant competitive advantage with products that create difference. In this context, resources worth 45,005,703 TL were allocated to environmentally friendly product research and development works within the scope of Turkey operations, as well as 383,690 Euros' worth in Romania operations and 5,729,497 Euros' worth in Russia operations.

By means of the works conducted in Turkey operations in relation to energy efficiency in the reporting period, the average energy consumption of all the washing machines being manufactured was improved by 5.8% in comparison with 2015. In the same period, an average improvement of 3.5% was achieved in all dryers, 0.03% in all refrigerators, 0.6% in all ovens, and 1.2% in all dishwashers. There was 4.4% increase in the average energy consumption for all produced televisions due to an increase in the average screen size. In this period, 191,204 GJ of savings was achieved in the total annual energy consumption for the products produced at all the plants in Turkey, in comparison with the previous period.

All Arçelik A.Ş. products are labelled in full compliance with regulations determined by countries of sale concerning product information and labelling. The labels include information under the main headings of energy and water efficiency, impacts on human health and consumer safety, alongside basic information about products. In the reporting period, there was no case of noncompliance with regulations about product and service information and labeling.

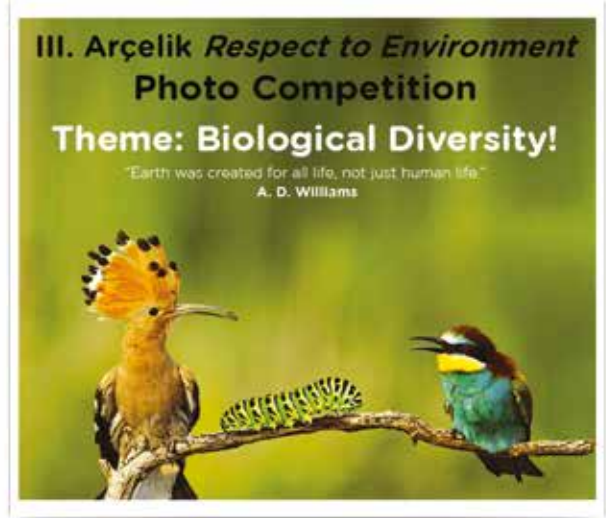




Respect For Biodiversity

Arçelik A.Ş. acts with an approach that supervises the impacts of its operations on species and people inhabiting its operational geographies. The Company, which manages its operations in parallel with environmental risk analyses beginning at the investment stage, identifies suitable regions for its operations in result of feasibility studies, making its investments regarding new operational regions in this direction. This approach that is actualized in the investment stage is supported by preventive actions to reduce environmental risks, environmental protection works and environmental impact reducing practices.

All the operation sites of Arçelik A.Ş. are located in areas designated as suitable for industrial production operations. Therefore, the Company has no facilities located on natural protected areas identified by laws or international conventions, special environmental protection areas, or RAMSAR (Convention on Wetlands of International Importance) sites. While there are no areas having such status within the physical impact areas of the facilities, company activities do not have any significant negative impact on biodiversity and natural habitats.



Company organizes photograph competition among its employees for the 3rd. consecutive year. Competition's theme has set as "Biological Diversity" during the reporting period. 250 employees participated the competition all around Arçelik A.Ş. campuses. First 14 among the attendees were listed by the votes of the Company's employees. Engin Arar from Bolu Cooking Appliances Plant, Gençer Bölük from Çerkezköy Electric Motors Plant and Sefa Kaya from Eastern Black Sea Region were among the winners of the years' competition.





If the environment is not clean, the living spaces and the living creatures will begin to die out.
Let's create projects to reduce solid waste, water waste and greenhouse gas emissions
released by cars and chimneys.

Arda Turan, age 10

Use of Natural Resources and Waste Management

At Arçelik A.Ş., efforts for preventing waste generation at its source and efficient water consumption constitute the primary works conducted for the preservation of natural resources. Projects for the recycling of wastes generated by production processes and recycling of Arçelik A.Ş. products that have completed their lifecycles are among the most prominent waste management practices. Within the scope of water management, water efficiency studies are conducted in production processes and more water efficient products are developed with an understanding focusing on product lifecycle.



Goals for 2020

Water Withdrawal per Product 35%



Arçelik A.Ş. aims to reduce its average water withdrawal per product in its Turkey, Romania and Russia operations by 35% as of 2020, in comparison with the base year of 2012.

Hazardous Waste per Product 5%



Arçelik A.Ş. aims to reduce its average hazardous waste per product in its Turkey, Romania and Russia operations by 5% as of 2020, in comparison with the base year of 2012.

Waste Recycling Rate 98%



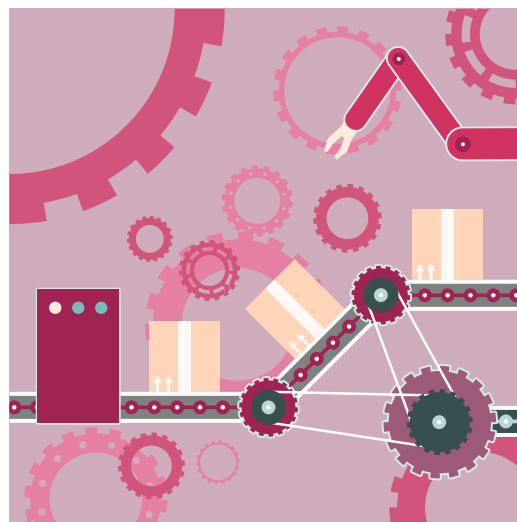
Arçelik A.Ş. aims to increase its waste recycling rate in Turkey operations to 98% by 2020.

*Water withdrawal, hazardous waste reduction and waste recycling goals for 2020 are objectives concerning production processes.

Efficiency In Raw Material and Material Use

The mitigation of environmental impacts caused by production is one of the primary sustainability priorities of Arçelik A.Ş. By means of efficiency works in raw material and material use implemented in this regard, environmental impacts are minimized while operational costs are reduced. Constantly reducing the amount of raw material and material consumed per product, Arçelik A.Ş. fulfills its responsibility to preserve natural resources.

Despite the increasing production volume in the reporting period, 2% less raw material and material consumption was realized in Turkey operations against previous year thanks to the resource efficiency studies carried out. Within the scope of the resource efficiency studies conducted during this period, at the Electronics Plant the printed user's manual offered to consumers was reduced to 15 pages from 120 pages, while a QR code was added to the 15-page manual to ensure access to the 120-page e-manual uploaded on the website. In this way, 920,000 kg of paper use was prevented annually. Recycled PVC is being used for the manufacturing of door seals at the Russia operation, as part of the practice actualized also during the reporting period.



Raw Material and Material Consumption by Type (ton) at Plants in Turkey

	2012	2013	2014	2015	2016
Plastic	108,076	107,600	82,935	200,878	139,907
Metal	290,929	304,061	239,209	267,509	306,573
Other Materials*	354,080	407,147	400,544	244,077	320,375
Chemicals**	8,136	74,583	79,128	79,067	11,060
Total	761,221	893,391	801,816	791,531	777,914

* The disclosed figures include all kinds of materials that are part of the end product, such as semi-processed materials and insulating materials.

** The disclosed figures include adhesives, oils, enamel, operational and all other chemicals. In addition, treatment chemicals, boiler chemicals, liquid seal and similar chemicals were also included.

Wastes From Production Processes

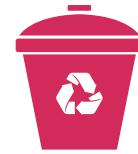
Studies aimed at reducing wastes generated by production processes at the source and recovering generated wastes are the primary components of the integrated waste management understanding of Arçelik A.Ş. Wastes generated in all plants are categorized, collected separately at the source in accordance with waste type and legal regulations and are either recovered or disposed pursuant to waste type. Nonhazardous wastes generated by office operations are collected as part of Koç Group Recycling Project and sent to recycling.

In the reporting period, the amount of non-hazardous wastes was reduced approximately by 6% and the amount of hazardous wastes by about 2% in result of the waste reduction works carried out in Turkey operations. The hazardous waste recycling rate, which was realized as 91.96% in the previous period, was increased to the level of 96.72% with a significant improvement, while nonhazardous waste and total waste recycling rates were realized at around the same levels as the previous period.

Within the context of the good practices carried out in waste reduction in the reporting period, 500 lt of boron oil use was prevented and the amount of hazardous waste was reduced by 8,300 kg annually, by reducing the boron oil consumption on the machining field, constituting maintenance alternatives for the emulsions removed from lines as waste and prolonging product lifetime at the Electric Motors Plant. In the same period, the amount of waste was reduced 150,000 kg by evaporating the water in the waste sludge and increasing solid content, generated by the treatment facility and enamel unit with sludge dewatering machine investment at Cooking Appliances Plant. Also in the reporting period, 'bostik' material that is used in the assembly process at the Romania operation was replaced, ensuring a 5% reduction in the amount of generated hazardous waste, as against 2015.

Packaging Use and Waste Management

Arçelik A.Ş. focuses on less resource consumption and more recycled/recyclable material use in its packaging processes, which constitute a significant aspect of its integrated waste management practices. The Company designs the volume and weight of its products' packaging to generate minimum waste, conducts works to increase reuse and recycling, and consistently reduces the environmental impacts generated by its packaging processes.



Recycling Project

Arçelik A.Ş. has participated in the Koç Group Recycling Project, initiated in 2010 as part of its Global Recycling Network membership, since its inception. The project aims to raise recycling awareness among Group employees and to collect and recycle paper, glass, metal and plastic wastes at a common standard. During the reporting period, approximately 4.19 tons of household glass waste, 53.13 tons of paper, 1.30 tons of metal waste and 4.44 tons of plastic waste were collected at Arçelik A.Ş. facilities.

All Arçelik A.Ş. product packages are recyclable and 60% of the cardboard packaging used during the reporting period contains recycled materials.

As part of the good practices actualized in the reporting period, the use of returnable container was engaged for materials supplied in cardboard packaging at the Dishwasher Plant, reducing the amount of cardboard waste per product by 18%. Also in 2016, the amount of packaging introduced to the market was reduced by around 67,000 kg by means of a packaging alteration for motors at the Electric Motors Plant. With the practice actualized in the Russia operation during the same period, the wooden pallets used to carry received products were replaced with metal boxes, ensuring an annual reduction of 411,000 kg in the amount of waste cardboard and wood.

What We Said in 2015

Actualizing 3 projects within the Turkey operation to reduce wastes or improve processes at plants.

What We Did in 2016

In consequence of the waste reduction projects implemented in Turkey operations, the amount of nonhazardous wastes was reduced by 6% and hazardous wastes by 2%.

Recyclability Rates of Raw Materials and Other Materials Used in Products

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

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

Recyclability Rates of Products

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

Wastes by Type and Disposal Method (ton)

Turkey	Recovery	Disposal	Recovery Rate (%)
Hazardous Waste	3,436	116	96.72%
Nonhazardous Waste	85,885	2,715*	96.94%
Total	89,320	2,831	96.93%

* Mainly domestic waste that cannot be recycled.



Product Reuse, Recycling and Disposal

Arçelik A.Ş. manufactures products with high recyclability and realizes pioneering practices for the recycling of products that have completed their lifecycle. The Company, which benefits from its extended dealer and authorized service network also for gathering products no longer used by consumers, carries out the recycling of products at its waste electrical and electronic equipment (WEEE) recycling facilities. Fulfilling the requirements of ISO 14001 Environmental Management Standard, Arçelik A.Ş. takes on a leading role in national and international initiatives in the area of product recycling.

Arçelik A.Ş. is complied with WEEE Directive (Waste Electrical and Electronic Equipment Directive). Through the collecting and recycling mechanisms it has formed, Arçelik A.Ş. also fulfills the requirements within the framework of the Regulation for the Control of Waste Electrical and Electronic Equipment (WEEE) which was published in Turkey in 2012. The Company, which has established two WEEE recycling facilities, in Bolu and in Eskişehir, in accordance with the regulation in 2014, has taken a significant step toward the goal of minimizing environmental impacts throughout the product lifecycle.

Arçelik A.Ş. also continued its campaign, which was launched in 2014 with the slogan "Let the Return to Nature Begin" as the greatest renewal movement of Turkey, in 2016. As part of the exchange campaign, products collected from consumers by Arçelik and Beko dealers and authorized services are sent to licensed WEEE recycling plants.



From the engagement of the facilities in 2014 until the end of 2016, a total of 108.3 GWh of energy savings, equivalent to the daily electricity consumption of 14 million households, was achieved by preventing high energy consuming old products from consuming electricity. This is approximately equals to the prevention of 54,000 equivalent tons of carbon dioxide emissions. Most of this gain was ensured by means of recycled refrigerators. With the results that were achieved, a contribution, equivalent to the annual electricity consumption of 290,000 A+ energy class refrigerators, was made to the national economy. The energy gain achieved by means of the recycling at the two facilities until 2016 yearend is equivalent to the annual energy generation of 17 wind turbines with a capacity of 2.5 MW. In addition to this, 2.3 million tons of water was saved, thanks to the replacement of products with old technology with new, environmentally-friendly products. This amount is equivalent to the daily water consumption of 2.8 million households.

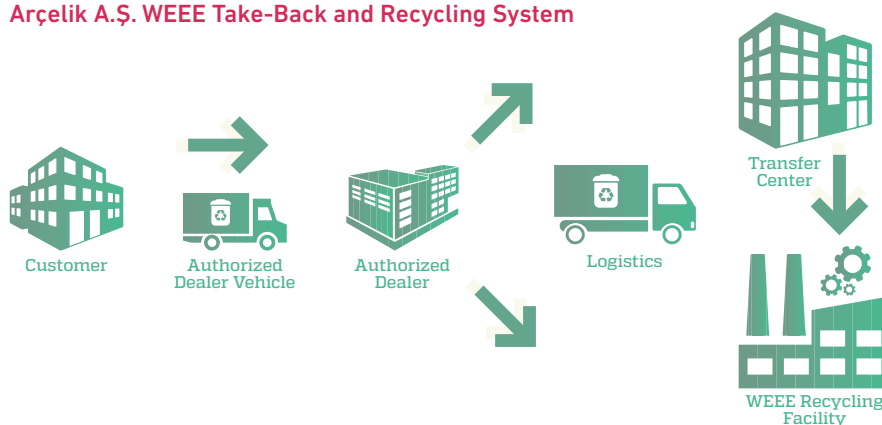


A Message From Prof. Dr. Mustafa ÖZTÜRK, Undersecretary of the Turkish Ministry of Environment and Urbanization

The Waste Electrical and Electronic Equipment (WEEE) Directive, prepared to protect the environment and human health, from the production process to the ultimate disposal of electrical and electronic equipment (EEE), was published in 2012. Since then, Arçelik A.Ş. has carried out significant studies to reach the standards and fulfill the requirements of the Directive. Besides fulfilling the requirements imposed by the Directive, the company established recycling facilities, and has become the only manufacturer that recycle AEEEs.

Arçelik A.Ş. won the Grand Prize in the "Waste Management Symposium" organized by the Ministry of Environment and Urban Planning and which is the most important organization of the sector, as the organization that collects and recycles waste electrical and electronic goods of the highest amount up to the present. Having declared the vision of "Respects the Globe, Respected Globally", Arçelik A.Ş. has made significant environmental contributions with the studies in the fields as waste recovery, efficient use of natural resources, safe management of hazardous wastes, reduction of ozone depleting substances and greenhouse gas emissions and energy efficiency through changin the old products . I congratulate all employees and managers of Arçelik A.Ş. for their approach and practices that integrate the concept of 'sustainability' into the field of waste management, focusing on the efficient use of natural resources.

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



Water Use, Recovery and Discharge in Production

At Arçelik A.Ş., water management practices focus on projects that will reduce water consumption in production processes and on the reuse and recycling of the used water. By means of works conducted in this area, significant improvements are registered in discharged water amount indicator, in this way environmental impacts are minimized. In consequence of the regularly conducted controls and wastewater treatment activities the relevant values of the discharged waters are kept below the legal limits.

During the reporting period, in parallel with the increasing production volume at the Turkey operations of Arçelik A.Ş., there was a 2% increase in the total water withdrawal in comparison with the previous year. However, a 5% reduction on average was achieved in the amount of water withdrawal per product in comparison with previous year, thanks to the water efficiency studies we conducted in our facilities located in Turkey. Again during the reporting period, 31% reduction was achieved in amount of average water withdrawal per product at Turkey, Romania and Russia operations against the base year 2012.

Thanks to infrastructural components established at Arçelik A.Ş. production facilities, such as wastewater treatment facilities and closed cycle systems, only a small part of the water used in production is met through freshwater withdrawal. The continuous improvement of the performance in this area is ensured through infrastructural projects and water management projects carried out every year. During the reporting period, the total amount of saved, recycled, recovered and reused water at Turkey operations is 174,124 m³.

As part of the good practices enacted during the reporting period in relation to reduction of water consumption and water reuse, 15,360 m³ of water savings was achieved through the renovation of the water softening plant used in heating-cooling, washing and coating processes at the Compressor Plant. During the same period, 15,750 m³ of water savings was achieved by switching to sensor use in wash water consumption at the Electronics Plant. By means of the chemical alteration work carried out in the degreasing bath at the paint shop of the Refrigerator Plant, a total of 660 m³ of water savings was achieved in consequence of the increase in the change period by separating the emulsified oil. In addition, 11,000 m³ of water savings was achieved through works for eliminating the degreasing, rinsing and acid baths (five baths in total) performed in Zinc Phosphate lines at the Compressor Plant.

Arçelik A.Ş. focuses on the reuse of water in production processes and registers significant improvements in the amount of discharged water through infrastructure works carried out in this regard, every year. In consequence of the wastewater recovery works actualized in the reporting period, approximately 3% of improvement was achieved in the amount of discharged water for our Turkey operation against previous year.

Arçelik A.Ş. takes great care to exhibit a performance above the water discharge standards prescribed by laws in order to protect water resources and biological diversity in its operational regions. Waters discharged in result of the operations are treated at chemical and biological treatment facilities built in accordance with the characteristics of the water discharged from relevant production facilities, and their compliance with standards is periodically controlled. According to the periodical controls performed in the reporting period, the COD (Chemical Oxygen Demand) values of the waters discharged from Arçelik A.Ş. plants within the scope of its Turkey operations were considerably lower than the legal limits.



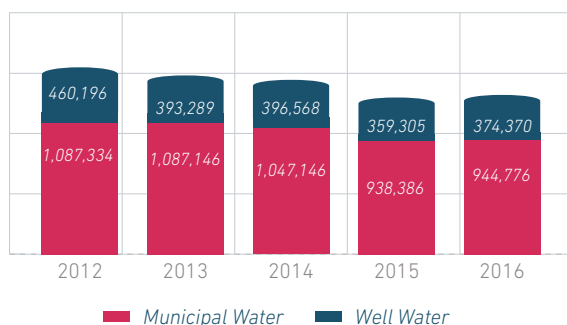
What We Said in 2015

Reducing water withdrawal per product by 3% as against 2015 in 5 plants, through our efficient water consumption studies in Turkey operations.

What We Did in 2016

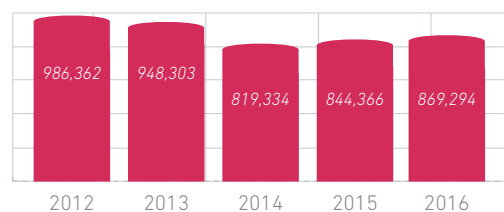
Water withdrawal per product was reduced by more than 3% as against 2015 in 5 plants, thanks to our efficient water consumption works in Turkey operations.

Total Water Withdrawal by Source (m³)



* Disclosed figures include Arçelik A.Ş. Headquarters.

Discharged Water Amount (m³)





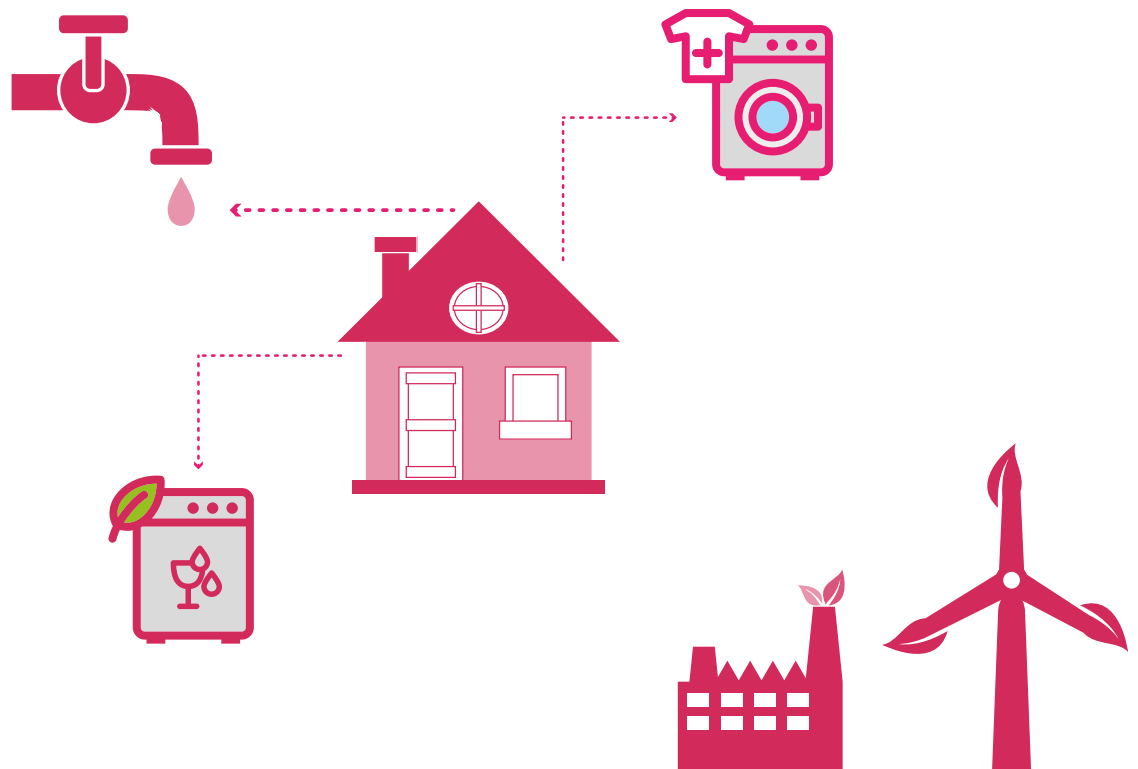
Water Efficiency in Products

Reducing the environmental impacts of its products throughout their lifecycle constitutes an important dimension of the environmental sustainability approach of Arçelik A.Ş. In this direction, Arçelik A.Ş. allocates significant resources to research and development of more water-efficient products each year, thereby reducing its environmental impacts as well as achieving an important competitive advantage with its environmentalist product portfolio.

In the reporting period, the "Cold Wash Program", which ensures both energy and water saving in washing machines while still achieving the same performance as high temperature wash, was generalized among products. Thanks to the double spray jet system and energy efficient special motor technology, the same washing performance as standard cotton 40°C washes is achieved while ensuring 75% in energy and 50% in water savings.

With the new series of Atlantis Dishwashers designed in 2016, both expanded internal space and programs reducing water consumption were offered. While the amount of water consumed by an average dishwasher in the current product portfolio for one cycle per capacity is around 0.77 l/capacity, this rate was reduced to 0.63 l/capacity with the new design, thereby ensuring an 18% improvement. During the period, thanks to the use of the variable speed circulation motor in the 60cm and 45cm 'Good+' product range, respectively 8.3% and 23% of water savings were achieved.

The "Lotus" project, which was launched to realize the objective of efficient use of water and energy resources in relation to the ever increasing global demand for energy and natural resources, was completed and a dishwasher that consumes just 5.5 liters of water was launched in the first quarter of 2016.





I dream of a workplace that supports me to make inventions.

Yağız Anıl Ekici, age 8

Sustainability Management In Value Chain

Arçelik A.Ş. manages an expanding value chain in parallel with its consistently growing global presence, actualizing practices to supervise the social, environmental and economic performances of its stakeholders in its value chain, who are critical to maintaining the sustainability of its business. The Company generalizes its sustainability understanding in all the stages of its value chain, from purchasing operations to warehousing and distribution operations, to innovation collaborations to the authorized dealer and service network, constantly improving its performance in this field.



Goals for 2020

Supplier Sustainability Index



Arçelik A.Ş. plans to constitute a Supplier Sustainability Index to monitor the sustainability performances of all its strategic suppliers and a "Sustainable Supplier" category, by the year 2018, as well as set a numerical target for the year 2020.

Innovativeness and Superior Technology

Perceiving innovativeness to be one of the most important components its corporate culture and sustainability management understanding, Arçelik A.Ş. considers the design of innovative and environmentally friendly products that create difference among its primary business priorities. R&D activities, which is one of the principal cornerstones of the sustainable success Arçelik A.Ş. has achieved in global markets, are conducted within a large organizational structure composed of 14 R&D centers, of which 10 in Turkey, and more than 1,300 R&D staff. Arçelik R&D, which celebrated the 25th anniversary of its establishment in 2016, has achieved many successes on both national and international arenas.

Arçelik A.Ş., the R&D leader and patent champion of Turkey, was ranked 78th on the list of companies that filed the most international patent applications published by World Intellectual Property Organization (WIPO), thereby achieving the best ranking in the history both by the Company and Turkey. For the last 10 years, Arçelik A.Ş. has been the only Turkish company among the top 200 companies with the most international patent applications at the World Intellectual Property Organization.

Half of the applications from Turkey registered by the European Patent Organisation (EPO) were made by Arçelik A.Ş. In relation to the ranking based on patent applications made in 2015, Arçelik A.Ş. was deemed worthy of the "Patent League Championship" and "Company with the Most International Patent Applications" awards by the Turkish Patent Institute.

In consequence of the performance assessment conducted by the Ministry of Science, Industry and Technology for R&D Centers across Turkey by considering various parameters, Arçelik A.Ş. was deemed worthy of the Most Successful R&D Center of Turkey award.

Arçelik A.Ş. is the company with the most projects in the private sectors in Turkey with its eight ongoing projects in the Horizon 2020 program, as of 2016.



For the last five years, Arçelik A.Ş. has been increasing its R&D expenditures by an average of 15% every year in comparison with the previous year. Maintaining its progress to expand its international R&D network, Arçelik A.Ş. continued its efforts for the launching of an R&D Office in the Boston region of the US in 2016, alongside its R&D offices in Taiwan and UK. In the reporting period, the R&D Technical Advisory Board workshop was organized for the fourth time with the participation of 15 world-renowned expert academicians and entrepreneurs from the USA, Britain, Germany, South Korea, Taiwan and Turkey.





With Arçelik Garage that was established on Çayırova Campus, a creative collaborative work environment was built. With Arçelik Garage, researchers are encouraged to work with design thinking techniques, and reduce the time from idea to commercialized products through its digital prototyping infrastructure. Arçelik Garage hosts many innovation activities such as Ideathon, Makeathon and Bootcamp etc., which bring together different stakeholders from employees to suppliers, from university students to entrepreneurs and enable them to transform their innovative ideas into products. With the Fast Track activities organized around certain themes at different periods throughout the year, researchers have the opportunity to swiftly prototype their new ideas and present their business plans directly to senior management. The ideas deemed successful are materialized with the funding support provided by senior management. Also, the "Free Time" practice is implemented every two weeks for R&D employees in order to develop the creativity of employees and promote entrepreneurship within the company.

In the reporting period the Technical Academy program a training program that will help R&D and production technologies employees acquire the competences of the technologies of the future, was launched. The trainings, which were planned to form a roadmap that will encompass employees' business life by analyzing the needs of today's world, are provided by academicians from the leading universities of Turkey. In the same period, studies for the establishment of the required ecosystems to increase the created value added and for developing our expertise in communication protocols, cloud security, data analytics, robotics, artificial intelligence, and related fields within the context of the R&D studies conducted in relation to the concepts of digitalization and the Internet of Things (IoT) were maintained.

You can access detailed information about the collaborations of Arçelik A.Ş. in the fields of R&D and innovation and the events participated during the reporting period at <http://www.arcelikas.com/sayfa/70/Isbirlikleri> or on the Arçelik A.Ş. Annual Report under the Investor Relations section of our corporate website.



The development of technologies allowing all devices to communicate with each other and easing the life of consumers ranks on top of the R&D agenda of Arçelik A.Ş. In relation to smart home technologies, the mass production of the first Arçelik products within the context of the Internet of Things was started under the roof of HomeWhiz in 2016. White goods that meet the new generation communication requirements under the smart home theme, new concept products conforming to changing lifestyles, such as "HerbGarden™" (cultivation) and Cooling Oven, and solutions of integration with external ecosystems were exhibited on the Grundig space at the IFA expo, the largest fair organization of the industry. By cooperating with Google on studies for developing an Android TV, the first Android TV of Turkey was designed, released to manufacturing and introduced to the market.



Arçelik A.Ş. is among the Diamond Members of the Open Communication Foundation (OCF), which has more than 300 members composed by the leading technology companies of the world aiming for the secure operability of billions of devices, service and applications from different industries.

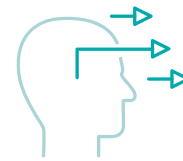


Products Accessible for Everyone

Innovation is one of the most significant guides for our objective of creating value added for all our stakeholders. We place emphasis on the accessibility of our portfolio by everyone, we produce solutions that will facilitate the lives of our disabled consumers with the innovative products we put forth in result of our intense R&D studies. We believe that permanent social benefit and change can be created through the collaborations we realize with public and nongovernmental institutions.

With the "Accessible Product Project" that we actualized in the reporting period, we aim for our visually impaired consumers to be able to use household appliances more comfortably without anyone's assistance. The project, which we are conducting in cooperation with the Turkish Six Point Association of the Blind, constitutes an important example of social innovation for our industry. With the Audio Operator's Manuals and dash panels with Braille Alphabet that we developed within the scope of the project, we provide our disabled consumers the opportunity of easy and comfortable use.

As part of the first practice within the scope of the project, we produced easily attachable Braille Alphabet transparent stickers for products' buttons, dash panel and remote controls. The stickers, which can be requested during product installation or supplied through call centers later, provide a dash panel solution for users to control products, including washing machines, dishwashers, ovens, and gas ranges. As part of the Audio Operator's Manuals practice, we ensured the easy access of users to the audio content uploaded on the website through the QR code included on the back cover of the operator's manuals for products. Also within the scope of the project, an audio feedback feature was added to products, such as refrigerators and electric vacuums, while access to the bottom of irons was restricted with a special part added to irons thereby reducing the risk of harm to the hand.



We have designed HomeWhiz, the innovative technology we developed in the reporting period to enable the control of household appliances through smart TVs, phones or tablets, to be suitable for the use of disabled consumers. The HomeWhiz app works compatibly with the accessibility options of smart devices, offering the possibility of full control over devices with vocal instructions. Thanks to the application, which reads back the name of function and the selected setting when touched on any area, products let know when a program is complete with an audio alarm. Through the app, detailed usage options, such as fabric, program, cycle, water temperature, preset washing setting selections for washing machines and temperature settings, function selections, ice machine controls for refrigerators, can be controlled on smart devices.

Responsible Purchasing

We contribute to the economic development of our operational geography, while ensuring the dissemination of our corporate citizenship understanding and sustainability approach among our suppliers and accompanying the sustainable development of our business partners with our global purchasing operations. We ensure the sustainability of our purchasing operations through risk management processes, supplier audits, communication activities and local supply practices led by Arçelik A.Ş. Purchasing.

All contracts signed with our suppliers indicate our expectations and related conditions with reference to Arçelik A.Ş. Responsible Purchasing Policy. Within the scope of the policy, we provide our suppliers with various trainings and audit their compliance with the policy through the agency of independent institutions. We plan corrective actions aimed at nonconformities that emerge in result of the audits and we monitor actions taken in relation to these plans through follow-up audits. Arçelik A.Ş. has the right to terminate the contract with any supplier or ask the supplier to terminate the contract with its employees that violate the laws or act in ways that conflicts with the laws.

In an effort to communicate more effectively our expectations in sustainability areas to our suppliers, we have constituted a business conduct e-learning program in 2015. The program, which is available both in Turkish and English, is offered to the use of all our suppliers on our corporate website.

Acting as the key reference for Arçelik A.Ş. to generalize its responsibility approach that encompasses issues such as bribery, corruption, forced labor, child labor and discrimination throughout its value chain, the Supplier Code of Conduct features expectations from suppliers under the main titles of legal practices, working conditions, code of conduct, occupational health and safety, and environment. During the reporting period 38 suppliers in total, of which 21 from Turkey and 17 from international operations, were audited for code of conduct and occupational safety through the agency of an independent institution.

A reward system aimed at suppliers who succeed at environment and energy audits is projected to be constituted by the year 2017.

As a result of the audits, 351 areas open for improvement were identified in total, while follow-up audits will be conducted for 12 suppliers in light of the critical improvements defined, in 2017. Areas open for improvement focused mainly on fire prevention measures and fire exits, measures for employee health and working hours, while 73% of the nonconformities were dealt with by the suppliers after the follow-up audits. In the event that child labor, forced labor, or bribery cases are identified during the audits, collaboration with the supplier is discontinued. During the reporting period, no incidents as such were determined. Audits involving code of conduct and occupational safety will also continue in 2017.

All recently engaged supplier companies at Arçelik A.Ş. make self-evaluations under the headings of Quality, Environment and Code of Conduct. In the reporting period, a total of 180 companies were introduced. Moreover, Environmental, Occupational Health and Safety, and Code of Conduct issues are evaluated within the quality audits of our current companies. In the same period, quality audits were held for 203 suppliers, which constitutes 20% of our total number of suppliers.

Our stakeholders can notify the Purchasing unit about suspicious acts or violations of business conduct on part of our suppliers via purchasing@arcelik.com or by calling the numbers on our corporate website. The identities of people that report these suspicious acts or violations are kept confidential while no tolerance is shown against possible punishments or retaliations towards these people.

Goals for 2020

Supplier Sustainability Index



Arçelik A.Ş. plans to constitute a Supplier Sustainability Index to monitor the sustainability performances of all its strategic suppliers and a "Sustainable Supplier" category, by the year 2018, as well as set a numerical target for the year 2020.

Our dynamic purchasing organization, structured in parallel with our growing production network and operating in our purchasing offices in seven different countries with 200 staff, constitutes one of the most important cornerstones ensuring the sustainability of our business. We manage our purchasing operations in a manner that will meet our customers' expectations and provide permanent competitive advantage for our company; we generate value added for all our stakeholders in our value chain. We monitor all the elements that could impact our purchasing costs through our purchasing organization, structured on the basis of categories to benefit from various expertise, ensuring the most competitive supply conditions are achieved.

As Arçelik A.Ş., we are among the first companies to sign the Corporate Social Responsibility Code of Conduct issued by the European Committee of Domestic Equipment Manufacturers (CECED). We also abide by the UN Global Compact, of which Koç Group is a signatory, and act with the awareness of our responsibilities that arise from the compact with regard to our supply chain. In 2016, we have created Arçelik A.Ş. Responsible Purchasing Policy in light of all these international initiatives and agreements. We put forth our expectations from our suppliers in the issues of legal practices, working conditions, ethical principles, occupational health and safety, and environment with the policy that was made accessible to our suppliers and all other stakeholders through our corporate website (www.arcelikas.com/page/866/Is_Etigi) and supplier portal (www.supplier.arcelik.com).

In 2014, Arçelik A.Ş. Purchasing Directorate was assessed according to 110 different criteria in the main groups of "Leadership and Organization", "Strategy", "People", "Process and Systems", "Performance Evaluation and Management" and was entitled to receive the Chartered Institute of Purchasing & Supply (CIPS) Corporate Certificate held by approximately 130 companies in the world.



Supplier Business Transparency Project (BTP) Program



As of the reporting period, we have completed the 'Business Transparency Project', which we started with the support of the Global Reporting Initiative in 2015. As part of the project that we actualized in order to enhance the corporate sustainability performance of our suppliers and to ensure that they reach a level where they can conduct sustainability reporting practices, we accompanied their reporting processes, organizing workshops and trainings aimed at our suppliers. Within the scope of the project, 12 of our supplier published their sustainability reports in 2016, thereby achieving international recognition.



Supplier Summit

We have hosted our suppliers from all corners of the earth and shared the objectives and strategies of Arçelik A.Ş. with them with the "Global Supplier Summit" we organized in May 2016. As part of the summit, we have described their role in our innovation strategies to our suppliers and explained how they will take on a more active role in the issues of design and innovation. Also within the scope of the activity, a total of 20 suppliers, who have exhibited outstanding success in the themes "Manage the Change, Think of the Future, Cooperate, Be Growth Oriented" and actualized special projects and successes, were rewarded.

Supplier Innovation

With the practice we actualized in the reporting period, our Purchasing and R&D units have formed a joint working group to promote the participation of our suppliers in innovation and to monitor supplier innovation studies. As part of the practices led by team, innovation and technology days were organized for our suppliers to share their innovative ideas and product roadmaps, while collaborations were made with universities to provide them with trainings in innovation and to ensure they profit from the incentives. The working group plans to create value through joint projects that will be made in this regard in the forthcoming period and to materialize their outputs.

Purchasing Academy

In the reporting period, we have maintained the Purchasing Academy program, which we first launched in 2013 in order to equip Arçelik Purchasing employees with the knowledge and skills they need and to enhance their awareness level. Within the scope of the program we conduct with the supports of the Chartered Institute of Procurement and Supply (CIPS), a global institution specializing in purchasing, and Koç University, 101 employees in total from our Turkey and international operations received training, while 25 employees completed the program and graduated in 2016.

Supplier Development Studies

Creating an active and synergic supplier portfolio is one of our prioritized objectives. Through the supplier development studies, we engage in this direction, we aim for our suppliers to focus on essential competitive elements, to reduce their operational cycle time, and to increase the production of quality products. We perform on-site visits to provide technical support for our suppliers, we offer trainings in various areas in order to enhance their competences and we actualize collaborations based on mutual trust and common goal understanding.

Supplier trainings constitute one of the most important components of our supplier development studies. In the reporting period, we offered 41 trainings in the subjects of Gage R&R, SMED, process efficiency, time study, state subsidies, energy efficiency, quality, production technologies, and productivity to our suppliers, providing 1,213 person*hour of training to 210 parti-

cipants. In the same period, we performed 1,020 supplier visits in order to support the improvement of our suppliers' infrastructure and technical competences.

We mutually benefit from the efficiency projects we conduct in cooperation with our suppliers, thereby contributing to the enhancement of their quality performance. In the reporting period, we carried out 136 projects, of which 51 were aimed at automation and enhancing labor efficiency, with 106 suppliers. In the same period, we rewarded 11 suppliers with performance awards and 2 suppliers with special awards, as part of the supplier awarding system.

Conflict Minerals Management

As Arçelik A.Ş., in line with our responsible purchasing principles, we have started "Conflict Minerals" project during the reporting period. With the project, 'Arçelik Conflict Minerals Policy' was formed and studies were carried out to establish 'Arçelik Conflict Minerals Management System'. In 2016, the first phase of the project, materials and components that carry risk with regards to 3TG were determined. A survey regarding 3TG use were sent to 100 pilot suppliers, necessary trainings were given and responses were requested. Again, within the scope of pilot practice, one supplier was audited on site by an independent organization.

In the upcoming period, the studies will be expanded to all Arçelik A.Ş. suppliers that carries risk. In 2017, we plan to conduct on-site audit to four suppliers.

Sustainable Supply Chain

We aim to extend our sustainable growth understanding to all the stages of our value chain; we actualize practices to minimize the environmental and social impacts generated by our warehousing, distribution and export operations. Some of the practices implemented in this regard during the reporting period are the following:

We have maintained the "Common Dealer Warehouses" practice, serving our authorized dealers operating in Turkey that was launched for the purpose of reducing the distance covered during product transportation, thereby minimizing our environmental impacts, in the reporting period. Common Dealer Warehouses, whose numbers reached 13 with the warehouse we opened in Konya in the reporting period, also help us offer faster, more flexible and quality service to consumers.

We continued to extend the "Automatic Loading-Unloading" systems, which we established between our operation and distribution warehouses and which allow us to shorten loading and unloading times, hence reducing delivery times, in the reporting period. By means of the system engaged between Çerkezköy Operation Warehouse and Distribution Warehouse in the reporting period, product transfer cycle time was reduced, ensuring savings in terms of both cost and labor. With the integration of the system at Çerkezköy Warehouse, the product loading and unloading automation system is now being used at all operation warehouses.

Dynamic Routing practice was also maintained in the reporting period. Both costs and greenhouse gas emissions generated by product transportation were reduced through high vehicle fill rates and optimized route planning.

Also in the reporting period, the consistent rise in the use of maritime transport for exports was maintained and realized at the level of 82%. Transportation between plants and ports previously conducted by land road have been replaced by railway where suitable, further reducing emissions generated by these operations.

Equipment and manpower efficiency was increased and environmental impacts generated by product transportation were reduced through the optimization of vehicle occupation rates with the Central Distribution Warehouse Project that brings 90,000 m² of total storage area located in various parts of Istanbul under the roof of a single campus. By means of the project, customer satisfaction was enhanced by minimizing supply and service times, while cost advantages were achieved through the centralization of maintenance in storage, technical support and reevaluation operations at a single location.

In the reporting period, the number of electric forklifts used actively at Supply Chain Directorate Plant and Domestic Distribution Warehouses was increased by 19% while the number of LPG forklifts was reduced, resulting in the decrease of relevant emission rates.

Making international transportation operations more secure plays an important role in the sustainability of our supply chain. In consequence of the external audits conducted in 2014 in this regards, we have qualified to receive the ISO 28000 Supply Chain Security Management System Certificate for the finished product storage and transportation processes for exports. As the first company in Turkey to obtain accredited ISO 28000 certification, we continuously improve safety precautions with regard to our employees, products and brands. In the reporting period, we have successfully completed the follow up audits conducted on the Çayırova Supply Chain Center, Ankara, Beylikdüzü, Bolu, Çayırova, Çerkezköy, Eskişehir, Pelitli Product Warehouses and related campuses, thereby earning the right to keep the certificate.

Also in the reporting period, the "Export Logistics Control Tower" (ELCT) portal was launched allowing for the simultaneous monitoring of foreign subsidiaries, planned and shipped vehicles and products. Thanks to the integration of transportation companies in the system, the instant status of containers can be easily tracked.





Distribution and Authorized Dealer Network

We reach our consumers in all 81 provinces of Turkey with our dealers, whose number are nearing 3,000; we are looking for ways to constantly improve our distribution and authorized dealer processes which are absolutely critical to the satisfaction of our consumers. We lend an ear to the expectations of our dealers through the effective communication channels we establish, we enhance their knowledge, skills and competences with training and development programs, and we ensure the development of their performance through our audit practices. By means of our practices aimed at our distribution and authorized dealer network, we both accompany their sustainable development and fulfill the requirements of our objective constantly increasing the satisfaction level of our customers.

Through the communication mechanisms we establish for our dealers, we inform them regarding our practices and campaigns, policies, strategies, and sustainability approach, as well as obtaining feedbacks that will serve to make our processes more efficient by listening to their suggestions, demands and complaints. In addition to our traditional communication tools, such as circulars and dealer notes, we make use of web-based applications and we create an opportunity of face to face meeting with director level participation from Arçelik A.Ş. management at Dealer Meetings, which we organize periodically throughout the year. We visit all of our dealers once a month through the agency of dealer managers and once every two months through the agency of regional directors.

We bring our dealers together with our employees at periodical intervals through the regional dealer communication groups we form, where we listen to the experiences of our dealers on the field and discuss our retail practices. We organize live broadcasts regarding our policies and practices aimed at our dealers, we carry out the on-site control of practices and campaigns announced by our sales teams, and we ensure the effectivity of our sales network. We bring together employees of our dealers at motivational events called "Employees' Night" and we ensure their participation in various activities. Successful store employees are monitored and rewarded through the 'Bizbize' motivational platform, while we bring our successful dealers together with the company senior management with the "Top 10 Dealers" award ceremony held once a year.

We provide trainings to increase the service quality and working efficiency of our dealers; we enhance our total success while increasing our customer satisfaction level. In accordance with our development strategy and segment-based dealer needs, we have engaged the Retail Development Academy in the reporting period. The academy, which was designed to include various training methods and tools, such as class training, e-training and digital tools, serves as the framework under which our dealer training and development programs are carried out.



After Sales

Our authorized dealer and call center processes, which we define as "Aftersales", are of critical importance for the satisfaction of our customers and consumers. We continuously improve our performance in relation to these processes, while enhancing our customers' satisfaction level as well as the market recognition and share of our brands, with our extended service network, advanced technological infrastructure, and innovative solutions. We actualize practices creating high value added in the processes, which we manage in accordance with ISO 10002 Customer Satisfaction Quality Management System, thereby setting an example for our industry.

As the largest service network in Turkey, Arçelik A.Ş. Authorized Service Network provides over 13 million service runs annually through 543 authorized service shops under 12 regional managements with 11,700 staff, of which 5,500 are technical staff members, and a fleet of 5,700 vehicles. All of our authorized service shops have tactful, experienced staff with the necessary technical infrastructure and equipment, who have received all the necessary trainings and comply with the related clothing, hygiene norms, in addition to being inspected at regular intervals. Technical staff are present at the delivery of purchased products to the consumer to mount the product; our service network affords us a significant competitive advantage by finalizing this transaction at once. Surveys are conducted to determine the level of customer satisfaction in relation to all aftersales services while corrective and preventive actions are taken in accordance with the received feedback.

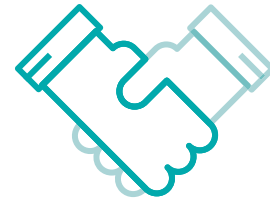
As part of the practice we engaged in 2015, the mobile automation used by authorized service personnel on the field was improved in accordance with the innovative and technological image of our company with the launch of a tablet device system. Thanks to this system, authorized service technicians can reach any information they might require at the homes of the consumers instantly and in an uninterrupted fashion. With the practice we implemented in the reporting period, information about "Additional Warranty Venable Products" is displayed on our technician's tablet device, allowing our authorized dealer personnel to sell additional warranty for alternative durations to our consumers as they demand.

We provide trainings to all of our technical staff within the body of our authorized dealers and we certify them. In this regard, we have provided 320,000 person*hour of training to staff working at Turkey and overseas operations. In the same period, we have engaged measurement-based and subject oriented training modules, in addition to accelerating remote training activities. In 2016, we have established an organization that allows for the centralization of technical support and training activities for all the countries where Arçelik A.Ş. brands are offered for sale. During the period, we conducted technical support activities for 20,000 product models domestically and 40,000 product models internationally, as well as technical training activities aimed at 45 countries within the body of the International Academy that was established to carry out overseas service trainings.

Arçelik Call Center, leading in our sector through innovative practices, acts with the strategy of being present everywhere consumers are active, carrying out 5 million operations annually with its 330 employees. Through our center, which operates with the objective of perfect customer experience, we offer our customers individualized and high added value solution services. The Call Center Directorate participated in the Omnichannel Digital Transformation and Interaction Project, which was started by the Company in the reporting period, with its own project while also maintaining its current operational processes with new business models.



Calls are planned to be consolidated at the center with the Omnichannel Digital Transformation and Interaction Projects under Consumer Services; it is aimed to increase customer satisfaction by forming an appointment system with 2-hour timeframes.





Our customers in Turkey can communicate all their questions, problems, demands, and expectations to the Call Center through different channels of communication 24/7. The primary objective of the center, whose infrastructure is constantly updated in line with technological advancements, is to impeccably answer customer expectations and demands under any condition. In the reporting period, Arçelik Solution Center was constituted with the understanding of specialized customer services, offering one-to-one solution opportunities for VIP customers.

We consider our Customer Satisfaction Survey practices, which we regularly conduct every year at our Turkey and overseas operations, to be one of our most significant stakeholder communication mechanisms and we evaluate the results of the practice as important inputs in our performance assessment and business objective determination processes. We consistently improve the performance results we achieve in the survey practice where we receive feedbacks under headings, such as general satisfaction, tendency to recommend, tendency to repurchase. Within the context of the survey, which we actualized in the reporting period aimed at our consumers in Turkey and where we interviewed consumers who have purchased Arçelik and Beko brand white goods, air conditioner and television products in the last two years, we have achieved above industry average satisfaction scores in all product groups.

The security of the data belonging to our customers and consumers is of great significance for our long term stakeholder relations based on mutual trust. We continuously improve our performance in this regard through audits we conduct in accordance with ISO 27001 Information Security Management System standard, periodically conducted risk analyses and our continuously improved technological infrastructure. Consumer data are stored on servers located in A type standard system rooms, which are 24/7 under the supervision of staff, accessible through card and eye scan, and periodically inspected, and databases are periodically backed up against disasters and other extraordinary situations. In the reporting period, we provided our employees at Turkey operations with information security awareness trainings, consisting of two half-day sessions, within the scope of ISO 27001. During the reporting period, no complaints were received regarding any violation of information confidentiality or loss of customer data.

In the reporting period, we have established the Net Promotion Score (NPS) system in order to evaluate all the experiences of our customers with products from our brands, from the purchasing process to aftersales services. In consequence of the scoring carried out within the scope of the system, the probability of our customers' abandoning our brands was measured and feedbacks were provided to relevant units for the required preventions to be enacted and for deficiencies and mistakes to be rehabilitated. Romania, Russia and United Kingdom operations among other country operations are projected to switch to the system, in 2017.



I dream of a happy, peaceful and healthy world where no children are hungry or homeless.

Defne Zeren Boz, age 7

Social Development

Arçelik A.Ş. contributes to the social development in the countries that it operates in, with the social, cultural, environmental and sportive projects. With the social development projects which are among the material aspects of the Company, Arçelik A.Ş. focuses on the solutions of the problems and implements long-termed practices. In all the projects and practices conducted with aim of leaving a better world to the next generations, Arçelik A.Ş. adopts volunteerism approach and aims to create lasting values in cooperation with the broad stakeholder network.

Arçelik A.Ş. commits to act in line with United Nation's Sustainable Development Goals (SDG). In line with "Partnership for Goals" objective, Arçelik A.Ş. forms long-term co-operations with public institutions and NGOs in its operational geography and adopts a multi-stakeholder model in social development projects, from their design to implementation processes. The Company aims to produce solutions to various social problems and focus on areas determined by Sustainable Development Goals, primarily the objectives of "Gender Equality", "Quality Education" and "Responsible Consumption and Production".



Goals for 2020



Employee Volunteerism

Arçelik A.Ş. aims to improve and expand the employee volunteerism model until 2020.



Gender Equality

In line with UN Women Empowerment Principles, Arçelik A.Ş. aims to conduct projects aiming to raise the awareness regarding "Gender Equality" in all its country operations and cooperate with non-governmental organizations in order to be a part of the solution.



Responsible Consumption and Responsible Producer

In line with its "Responsible Consumption and Production" objective, Arçelik A.Ş. aims to carry out projects aiming to raise awareness regarding "food waste."

Education – Development

We believe that social responsibility projects in education are the applications that generate highest added value in terms of social development, and we carry out projects in this area.



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

✓ We provided 444 students and 59 teachers with trainings with Arçelik Laboratories in 9 vocational high schools

With the "Electrical Household Appliances Technical Training Program" that we developed in 2011 with the aim of consolidating the relation between vocational training and employment which is one of the most important socioeconomic issues in Turkey, we broke new ground both in our industry and country. During the reporting period, we continued without slowing down with our project aiming to train labor force who is knowledgeable about developments and new technologies in the electrical household appliances industry in Turkey. As part of the program, Arçelik Laboratories equipped with advanced measuring instruments and devices based on new technologies in the branch of electrical household appliances technical service were established in a total of 9 vocational high schools in Istanbul, Diyarbakir, Trabzon, Izmir, Ankara, Bursa and Tatvan. By providing the teachers working at these schools with trainings, Arçelik A.Ş. has aimed to increase the quality of the education. The Company strives to support the students to reach a level of competency enabling them to work as

technicians at white goods and air conditioning product groups with the experiences they had at Arçelik Laboratories. Between the years 2013-2016, 695 students graduated from the schools within the scope of the project. In the current school year, a total of 444 students, of which 228 11th grade and 216 12th grade students, are enrolled in these departments. 59 teachers at these departments have been provided with a total of 20,100 person*hour of technical training at Arçelik Academy, since 2011.

Arctic Romania - Cooling Systems Class

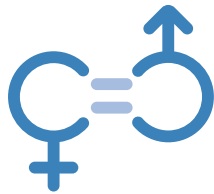
Arctic is an active supporter of the education system, promotes good practices and supports the transfer of knowledge to the youth in its operation region. In this direction, the Company provided technical and educational material and training support in the area of research and development to several high schools and universities. Arctic continued to support the Cooling System Operator Class established at Gaesti Vocational High School in 2015, during the reporting period too.





Gender Equality

Arçelik A.Ş. aims to raise awareness of the gender inequality and strives to develop an egalitarian and integrative approach in business culture and social life.



Arçelik A.Ş. Turkey – I Support Gender Equality For My Country

✓ We provided 11.247 employees with the awareness trainings through 192 awareness seminars

Koç Holding, which we are affiliated with, put into practice "I Support Gender Equality For My Country" program in order to promote joint action of the companies of the Group and stakeholders towards lasting solutions to social problems. As Arçelik A.Ş., we support the projects implemented within the scope of the program, focusing on various problems of our country since day one.

During the reporting period, as part of the practice implemented in cooperation with The Mother & Child Education Foundation (AÇEV), "Knowledge Mill" seminars that will raise awareness of gender equality were offered to volunteer Arçelik A.Ş. ambassadors. It was intended for volunteers who would qualify to become trainers at the end of the seminars to organize awareness trainings for all company employees. As a result of the seminars, 30 of the Arçelik A.Ş. employees became volunteer instructors. By the end of 2016, the Company reached 11,247 employees in eight campuses with 192 awareness trainings. Arçelik A.Ş. plans to continue with seminars and trainings in the next period as well.

Beko – France

Beko France has been among the partners of the "Prix Entrepreneure Responsable (Responsible Enterprise Award)" put into practice in 2016 by Paris Professional Women Network. The initiative awards professional women who execute companies that build their business strategies within the framework of sustainable economy, social and environmental sensibility principles. Paris Professional Women Network is a member of Global Professional Women's Network (PWN), a platform working towards leadership development for women in business life.



Volunteerism

Arçelik A.Ş. - Turkey - Voluntary Ambassador Dealers

✓ We reached 6,000 people with the support of the voluntary ambassador dealers through seminars organized in 13 cities.

Authorized dealers of Arçelik A.Ş. continued to contribute to "I Support Gender Equality For My Country" project during the reporting period too. In the first stage of the application, Arçelik A.Ş. brought together all the dealers representing Koç brand and organized awareness trainings aimed at adoption of gender equality approach by the dealers. Volunteer ambassador dealers organized information seminars in 13 cities throughout Turkey. In the second stage of the application, once more with the leadership of the dealers and in cooperation with the Turkish Family Health and Planning Foundation (TAP), the Company organized information seminars for educational institutions. Arçelik A.Ş. reached 6,000 people with 51 seminars organized in elementary schools, universities and professional associations.



Arçelik A.Ş. - Turkey - Search and Rescue Team

Arçelik A.Ş. Search and Rescue Team consisting of trained and experienced teams in this area and volunteer Arçelik A.Ş. personnel intent on delivering fast and accurate service to anyone in need, in cases of natural disasters, emergency and extraordinary situations. This team, is also in the first ranks of the list of non-governmental organizations to be officially asked for support by the Disaster and Emergency Management Authority (AFAD) in cases of probable disasters. During the reporting period, the members who recently participated in the Search and Rescue Teams in Çerkezköy, Eskişehir and Sütluçe campuses successfully completed their first level trainings coordinated by the Disaster and Emergency Authority.



Arctic - Romania - Voluntary Support to Employees

Arctic put into practice "Pack Your Backpack With Arctic" program in 2013. The scope of the program that initiated for the production facility employees expanded and became a support model including all the Arctic employees. The Company, also conducted the "You Too Can Support" campaign through which the employees supported people in need by donating clothes, food and financial aid.

Arctic - Romania - Support to Local Health Institutions

The Company supports the Gaesti Hospital which serves in 16 districts of the Arctic operation region. The Company donated to the hospital refrigerators, washing machines, dishwashers and dryers with the aim of renewing the hospital, improving the hygiene conditions and enabling the patients to get a better service. Arctic, contributing to the works conducted to preserve historical and cultural heritage, continues its support to restorations in historical parts of Gaesti.

Beko – Russia

LLC, Beko's enterprise in Russia, carried out an afforestation activity with the voluntary participation of the employees for its 10th anniversary.

Arctic - Romania

During the reporting period, Arctic continued with its "Eco-Friendly Campaign" first realized in 2012 with the aim of protecting natural resources and saving energy with the effective waste management.

Responsible Consumption

To conduct projects that contribute to the "Responsible Consumption and Production" goal which is among the Sustainable Development Goals, is one of the main priorities of the Company.



Grundig – Respect Food

Grundig, embracing the approach of "Respect Food", contributes to works of struggle against food waste, conducts projects in cooperation with initiatives working on this area to raise awareness. During the reporting period, on April, the Company supported for the first time, the "Food For Soul" initiative conducted under the leadership of Michelin starred Chef Massimo Bottura who creates solutions to food waste. Within the scope of the initiative, three Refettorios were opened in Italy and one Refettorio was opened in London. In cooperation with the legendary street artist Thierry Noir who painted the Berlin Wall, Grundig participated in the art event "Face a Fridge" organized on August 2016, in Berlin with 20 refrigerators painted by the artist, and the income obtained by the auction sales on various platforms was donated to "Food For Soul" organization. On August, the Company sponsored Refettorio Gastronomica which is supported by many famous chiefs with new recipes and works to recuperate food waste during the Olympic Games.



Sports

At Arçelik A.Ş., we support social development through sport activities and we constantly add new ones to our current investments on this area.



Global Sponsorships

Beko believes that sports, which represent values matching its dynamic and energetic structure, play a significant role in the development of the youth. Sports' power to reach large masses and touch people's lives is in line with the Company's vision. With this understanding, Beko became the "Presenting Sponsor" for 2009 European Basketball Championship – Poland, 2010 FIBA World Basketball Championship – Turkey, 2011 European Basketball Championship – Lithuania, 2013 European Basketball Championship – Slovenia, 2014 FIBA World Basketball Championship – Spain, and 2015 European Basketball Championship co-held by France, Croatia, Germany and Latvia.



Beko – Beşiktaş Professional Football A Team

Beko, who was the sponsor for Beşiktaş JK between 1988 and 2004, became the Back Sponsor for Beşiktaş Professional Football A Team, by signing the sponsorship agreement as of the start of the 2014-15 season.



Performance Data

ECONOMIC PERFORMANCE DATA

	2012	2013	2014	2015	2016
Net Sales (Million EURO)	4,581	4,395	4,307	4,692	4,819
By Region (1)					
Turkey (Million EURO)	1,933	1,828	1,669	1,896	1,931
Europe (Million EURO)	1,779	1,735	2,014	2,126	2,153
Other (Million EURO)	869	832	624	670	735
By Product Group					
White Goods (Million EURO)	3,072	3,096	3,121	3,411	3,505
Consumer Electronics (Million EURO)	780	636	629	651	679
Other (Million EURO)	729	663	557	629	635
Gross Profit (Million EURO)	1,323	1,342	1,369	1,502	1,599
Operating Profit (Million EURO)	326	338	352	383	398
Income Before Tax (Million EURO)	270	295	252	260	360
Net Income (Million EURO)	237	247	220	296	390
Total Assets (Million EURO)	4,349	3,886	4,394	4,324	4,558
Total Current Liabilities (Million EURO)	1,676	1,393	1,571	1,648	1,781
Total Liabilities (Million EURO)	2,679	2,476	2,835	2,852	2,939
Total Equity (Million EURO)	1,670	1,409	1,559	1,471	1,619
Dividends Paid (Million EURO)	150	160	122	116	78
Capital Expenditures (Million EURO)	209	207	159	217	251
Dividend Per Share (EURO)	0.228	0.176	0.178	0.128	0.188
Year-End Share Price (EURO)	4.98	4.14	5.32	4.40	5.74
Year-End Market Value (Million EURO)	3,362	2,796	3,593	2,971	3,878
Corporate Governance Rating	9.11	9.28	9.41	9.48	9.52
Economic Value Generated (Million TL)	10,991	12,005	13,231	15,454	13,209
"Revenues (Millions TL) "	10,991	12,005	13,231	15,454	13,209
"Economic Value Distributed (Million TL) "	10,977	11,941	13,030	15,382	14,575
"Operating Cost Total (Million TL) "	9,049	9,375	10,310	11,861	12,328
Personnel Expenses (Million TL)	995	1,136	1,346	1,531	1,793
"Payments to Providers of Funds (Million TL) "	844	1,355	1,283	1,865	425
Payments to Governments as Income Tax (Million TL)	82	67	82	115	13
Community Investments (Million TL)	7	8	9	10	15
Economic Value Retained (Million TL)	14	64	201	72	-1,366



Performance Data									
ENVIRONMENTAL PERFORMANCE DATA									
	Arçelik					Arctic			
	2012	2013	2014	2015	2016	2013	2014	2015	2016
GHG Emissions (ton CO₂e)									
Direct	80,072	66,685	64,888	59,363	58,246	NA	NA	12,585	13,879
Indirect	99,181	74,509	22,091	18,299	11,709	NA	NA	0	0
Total	179,253	141,194	86,979	77,662	69,955	NA	NA	12,585	13,879
Energy Consumption (GJ/year) (*)									
Direct	1,217,946	1,029,679	999,909	961,597	932,163	NA	NA	207,175	221,558
Indirect	673,652	708,461	730,710	789,496	797,375	NA	NA	144,819	160,059
Total	1,891,598	1,738,140	1,730,619	1,751,093	1,729,538	NA	NA	351,994	381,617
Total Water Withdrawal by Source (m³)									
Municipal Water	1,087,334	1,087,146	1,047,433	938,386	944,776	NA	NA	0	0
Well Water	460,196	393,289	396,568	359,305	374,370	NA	NA	268,948	330,260
Rain Water	0	0	1,000	500	500	NA	NA	0	0
Total	1,547,530	1,480,435	1,445,001	1,298,191	1,319,646	NA	NA	268,948	330,260
Total Water Discharge (m³)									
Total Water Discharge	986,362	948,303	819,334	844,366	869,294	NA	NA	161,369	198,156
Environmental Trainings Provided to Employees (person*hour)									
Environmental Trainings	8,412	6,242	10,311	21,497	12,688	NA	NA	1,376	2,418
Use of Raw Materials and Materials at Product Facilities (ton)									
Raw Materials - Plastics	108,076	107,600	82,935	200,878	139,907	NA	NA	17,439	16,432
Raw Materials - Metals	290,929	304,061	239,209	267,509	306,573	NA	NA	34,222	61,599
Materials	354,080	407,147	400,544	244,077	320,375	NA	NA	49,374	59,448
Chemicals	8,136	74,583	79,128	79,067	11,060	NA	NA	3,984	4,159
Total	761,221	893,391	801,816	791,531	777,914	NA	NA	105,019	141,638
Wastes by Type (ton)									
Hazardous Waste	2,557	2,766	3,223	3,606	3,552	NA	NA	22	14
Non-Hazardous Waste	73,025	85,645	115,715	94,298	88,600	NA	NA	9,930	14,043
Total	75,582	88,411	118,938	97,904	92,152	NA	NA	9,952	14,057

* Energy consumption values for Turkey operation in 2015 were revised in accordance with the external audit held during the reporting period.

Performance Data

ENVIRONMENTAL PERFORMANCE DATA

	Beko UK				Beko France				Beko LLC Russia			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
GHG Emissions (ton CO₂e)												
Direct	147	148	155	138	NA	9	9	10	NA	NA	NA	7,383
Indirect	329	663	664	696	NA	107	139	121	NA	NA	NA	9,886
Total	476	811	819	834	NA	116	148	131	NA	NA	NA	17,269
Energy Consumption (GJ/year) ⁽¹⁾												
Direct	2,418	2,441	2,569	2,276	NA	174	172	188	NA	NA	NA	139,925
Indirect	2,823	5,692	5,705	5,973	NA	866	1,123	982	NA	NA	NA	80,786
Total	5,241	8,133	8,275	8,249	NA	1,040	1,295	1,170	NA	NA	NA	220,711
Total Water Withdrawal by Source (m³) *												
Municipal Water	NA	NA	984	1,761	NA	685	747	598	NA	NA	NA	0
Well Water	NA	NA	0	0	NA	0	0	0	NA	NA	NA	137,395
Rain Water	NA	NA	0	0	NA	0	0	0	NA	NA	NA	0
Total	NA	NA	984	1,761	NA	685	747	598	NA	NA	NA	137,395
Total Water Discharge (m³)												
Environmental Trainings	NA	NA	984	1761	NA	685	747	598**	NA	NA	NA	134,768
Environmental Trainings Provided to Employees (person*hour)												
Raw Materials - Plastics	NA	NA	NA	0	NA	NA	NA	0	NA	NA	NA	334
Use of Raw Materials and Materials at Product Facilities (ton)												
Raw Materials - Metals	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	8,113
Raw Materials - Metals	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,618
Materials	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	27,668
Chemicals	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,121
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	38,521
Wastes by Type (ton)												
Hazardous Waste	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	99
Non-Hazardous Waste	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,991
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	3,090

Wastes by Type and Disposal Method (ton)				
Turkey	Recovery	Interim Storage	Disposal	Recovery Rate
Hazardous Waste	3,436	0	116	96.72%
Non-Hazardous Waste	85,885	0	2,715	96.94%
Total	89,320	0	2,831	96.93%
Romania	Recovery	Interim Storage	Disposal	Recovery Rate
Hazardous Waste	0	0	14	0.00%
Non-Hazardous Waste	4,439	0	9,605	31.61%
Total	4,439	0	9,618	31.58%
Russia	Recovery	Interim Storage	Disposal	Recovery Rate
Hazardous Waste	0	67	32	0.00%
Non-Hazardous Waste	2,640	318	34	88.26%
Total	2,640	385	65	85.43%

* While water withdrawal data for United Kingdom operation in 2015 was comprised of figures for "Beko House", in 2016, data belonging to Beko Ireland, Cambridge R&D and warehouses were added. ** Water withdrawal data for France operation is comprised of figures of "Beko France HQ" and "Petit-Couronne" facilities.

SOCIAL PERFORMANCE DATA

	Arçelik TR					Arctic				Beko UK				Beko France				Beko LLC Russia			
	2012	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Employee Breakdown by Status (1)																					
Hourly Paid	12,567	13,025	14,259	14,969	14,607	2,142	2,148	2,369	2,462	37	39	39	40	6	6	6	8	907	964	966	925
Monthly Paid	2,220	2,333	2,459	2,589	2,725	323	320	318	329	209	244	227	235	55	61	64	74	168	171	188	229
Total	14,787	15,358	16,718	17,558	17,332	2,465	2,468	2,687	2,791	246	259	266	275	61	67	70	82	1,075	1,135	1,154	1,154
Employee Breakdown by Contract Type																					
Permanent	13,400	14,478	14,639	15,835	15,746	2,430	2,431	2,624	2,741	235	243	245	255	57	64	66	78	1,074	1,134	1,149	1,101
Temporary	1,387	880	2,079	1,723	1,586	35	37	63	50	11	16	21	20	1	3	4	4	1	1	5	53
Total	14,787	15,358	16,718	17,558	17,332	2,465	2,468	2,687	2,791	246	259	266	275	58	67	70	82	1,075	1,135	1,154	1,154
Employee Breakdown by Gender																					
Male	13,355	13,829	14,890	15,552	15,193	1,167	1,164	1,258	1,301	143	151	157	161	36	38	40	45	472	515	557	599
Female	1,432	1,529	1,828	2,006	2,139	1,298	1,304	1,429	1,490	103	108	109	114	22	29	30	37	603	620	597	555
Total	14,787	15,358	16,718	17,558	17,332	2,465	2,468	2,687	2,791	246	259	266	275	58	67	70	82	1,075	1,135	1,154	1,154
Employee Breakdown by Age																					
<30	5,314	5,004	5,872	6,260	6,593	404	466	510	503	43	48	55	57	8	7	7	11	283	290	298	277
30-50	9,295	10,195	10,660	11,070	10,526	1,719	1,671	1,722	1,849	141	150	152	160	42	49	52	60	505	557	618	657
50<	178	159	186	228	213	342	331	455	439	62	61	59	58	8	11	11	11	287	288	238	220
Total	14,787	15,358	16,718	17,558	17,332	2,465	2,468	2,687	2,791	246	259	266	275	58	67	70	82	1,075	1,135	1,154	1,154
Employees by Local / Foreign Breakdown																					
Local	14,785	15,347	16,704	17,535	17,308	2,413	2,455	2,933	2,783	245	258	265	272	57	65	66	76	1,046	1,084	1,015	1,007
Foreign	2	11	14	23	24	6	8	9	8	1	1	1	3	1	2	4	6	29	51	139	147
Total	14,787	15,358	16,718	17,558	17,332	2,465	2,468	2,687	2,791	246	259	266	275	58	67	70	82	1,075	1,135	1,154	1,154
Average Age by Employee Category																					
Top Management	46	48	48	47.5	48.2	41	42	42	43	NA	NA	NA	49	46.03	46.77	46.78	47.78	41	41	43	42
Mid-Management	41	42	42	42.2	41.6	39	40	39	40	NA	NA	NA	44	39.41	41.47	42.01	41.48	38	37	39	38
Experts & Staff	34	35	35	33.2	33.9	40	41	41	41	NA	NA	NA	40	38.51	38.05	38.51	34.44	36	36	37	37
Average Seniority by Employee Category																					
Top Management	17	18	16	16.6	16.3	2	2	7	7	NA	NA	NA	5	4.76	6.97	5.18	6.19	4	4	6	5
Mid-Management	14	15	14	14.3	13.5	10	10	10	11	NA	NA	NA	6	5.20	5.51	6.33	7.01	4	5	7	6
Experts & Staff	8	8	8	7.4	7.1	14	14	14	15	NA	NA	NA	5	5.80	5.13	5.98	5.02	4	5	6	6
Employee Trainings (total hours)																					
Hourly Paid	232,774	228,447	362,845	305,590	302,271	28,489	32,005	70,122	11,893	NA	NA	NA	0	0	3	216	30	8,537	11,082	38,871	20,297
Monthly Paid	77,570	85,595	92,456	93,611	84,316	6,460	7,296	8,014	9,008	NA	NA	NA	3,560	325	469	937	727	2,708	4,776	6,141	5,177
Total	310,344	314,042	455,301	399,201	386,587	34,949	39,301	78,136	20,901	NA	NA	3,516	3,560	325	472	1,153	757	11,245	15,858	45,012	25,474
Senior Management by Local / Foreign Breakdown																					
Local	35 (100%)	35 (100%)	35 (97%)	36 (97%)	34 (94%)	11 (61%)	11 (61%)	12 (63%)	12 (63%)	54 (98%)	43 (98%)	51 (98%)	56 (96.55%)	89%	87.50%	80%	80%	22	22	23	23
Foreign	0 (0%)	0 (0%)	1 (3%)	1 (3%)	2 (6%)	7 (39%)	7 (37%)	7 (37%)	7 (37%)	1 (2%)	1 (2%)	1 (2%)	2 (3.45%)	11%	12.50%	20%	20%	10	10	9	10
Total	35 (100%)	35 (100%)	36 (100%)	37 (100%)	36 (100%)	18 (100%)	18 (100%)	19 (100%)	19 (100%)	55 (100%)	44 (100%)	52 (100%)	58 (100%)	100%	100%	100%	100%	32	32	32	33
Employee Turnover (%)																					
Employee Turnover (%)	9.0	8.7	16.0	18.5	21	4.4	4.6	9.3	5.3	9.8	10.8	13.5	13.5	11%	9%	14%	12%	36%	31%	28%	24%
Employee Turnover by Gender (%)																					
Female	10.1	10.8	14.1	16.7	18.3	5.5	5.2	6.7	3.0	11.7	13.0	12.8	4.7	10%	15%	15%	18%	47%	48%	38%	43%
Male	8.9	8.5	16.2	18.7	21.4	3.2	3.9	12.2	7.9	8.4	9.3	14.0	8.7	11%	5%	13%	7%	53%	52%	62%	57%
Employee Turnover (%)																					
<30	51.0	61.9	74.0	84.2	64.9	3.47%	5.36%	17.65%	13.32%	NA	NA	NA	43.2	NA	NA	NA	NA	50%	47%	45%	35%
30-50	47.0	34.6	24.2	36.1	31.6	1.22%	1.26%	3.19%	3.14%	NA	NA	NA	40.5	NA	NA	NA	NA	41%	42%	38%	56%
50<	3.0	3.6	1.8	1.1	3.5	2.92%	3.63%	3.52%	5.24%	NA	NA	NA	16.2	NA	NA	NA	NA	9%	11%	17%	9%
OHS Indicators																					
Accident Frequency Rate (F) (2)	5.00	7.45	6.69	3.71	3.21	0.19	0.36	0.32	0.00	6.10	3.80	2.40	1.90	9.77	0.00	28.75	7.07	13.36	2.81	3.88	1.08
Accident Severity Rate (G) (3)	0.085	0.093	0.088	0.040	0.054	0.011	0.004	0.011	0.00	0.020	0.000	0.003	0.000	0.000	0.000	0.000	0.035	0.290	0.080	0.102	0.029
Safety Factor (4)	0.426	0.690	0.592	0.148	0.172	0.002	0.001	0.004	0.00	0.122	0.000	0.007	0.000	0.000	0.000	0.000	0.250	3.874	0.225	0.395	0.031



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

Executive Summary

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

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2016, contained by the Arçelik A.Ş Sustainability Report 2016 and detailed in Annex 1 has been verified with reasonable assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2016 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

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

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

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

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

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2016 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

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

Methodology Used for the Provision of Audit

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

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

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

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

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

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

Restrictions

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

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arçelik A.Ş. reported in their Sustainability Report 2016 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

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



Özlem Ünsal
Managing Director

İstanbul, 23.05.2017



Annex 1

Arçelik A.Ş. Greenhouse Gas Emissions Inventory Summary Report, 2016

General Principles and Scope

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

This report is the summary of Arçelik A.Ş.'s Greenhouse Gas (GHG) Emission Report 2016, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by 6 campuses in Turkey including production plants, storage units, administrative buildings, other facilities and the Headquarter, between 01.01.2016 - 31.12.2016.

The basis year for Arçelik A.Ş.'s Greenhouse Gas Emissions Inventory is 2010 year.

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

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Greenhouse Gas Emissions Inventory, 2016.

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

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

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

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

Greenhouse Gas Emissions and Activity Boundaries

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

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

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

- **Direct Greenhouse Gas Emissions:**
Arçelik A.Ş.'s direct greenhouse gas emissions are in three categories:
 - Greenhouse gas emissions sourced by the stationary combustion,
 - Greenhouse gas emissions sourced by the mobile combustion,
 - Other direct greenhouse gas emissions.
Arçelik A.Ş.'s direct emission resources are; natural gas, diesel, fuel-oil, LPG, petrol, refrigerants, acetylene, propane and industrial oil.
 - **Energy Indirect Greenhouse Gas Emissions:**
Arçelik A.Ş.'s energy indirect emission resource is electricity.

Energy Indirect Greenhouse Gas Emissions can be separated in two subgroups as:

-Scope 2 (Location-Based) Emissions: It is covered the emissions emitted from electricity consumption at Arçelik A.Ş. head quarter and production plants in Turkey and calculated by using national grid emission factor.

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

- **Other Indirect Greenhouse Gas Emissions:**

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

Greenhouse Gas Emissions Inventory Calculations

Arçelik A.Ş.'s Greenhouse Gas Emissions Inventory calculations are based on mainly "Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines".

The calculation methodologies and emission factors are as follows:

- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" is used to calculate the greenhouse gas emissions sourced by stationary combustion.
- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 3: Mobile Combustion" is used to calculate the greenhouse gas emission sourced by the mobile combustion.
- In the reporting period, electricity emission factor for Turkey in "International Energy Agency (2015) has been used to calculate energy indirect greenhouse gas emissions. Certificate have been obtained from the suppliers which specify that electricity which is supplied to Arçelik campuses and headquarter in Turkey has been generated from renewable energy sources.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions.

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

Management of Uncertainties and Materiality

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

The uncertainty is calculated regarding to Arçelik's direct greenhouse gas emission and Arçelik's indirect greenhouse gas emissions, separately.

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

Internal Audits and Control Methods

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

Opinion Restatement

Arçelik A.Ş.'s Greenhouse Gas Inventory 2016 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 7%.



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Executive Summary

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

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2015, contained by the Arçelik A.Ş Sustainability Report 2016 and detailed in Annex 1 has been verified with limited assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2016 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

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

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

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

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2016 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

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

Methodology Used for the Provision of Audit

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

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

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

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

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

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

Restrictions

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

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arçelik A.Ş, reported in their Sustainability Report 2016 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

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



Özlem Ünsal
Managing Director

İstanbul, 17.05.2017



Annex 1

Arçelik A.Ş. Scope 3 Greenhouse Gas Emissions Inventory Summary Report, 2015

General Principles and Scope

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

This report is the summary of Arçelik A.Ş.'s Scope 3 Greenhouse Gas (GHG) Emission Report 2015, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by domestic, export and import product logistic activities, between 01.01.2015 - 31.12.2015.

The basis year for Arçelik A.Ş.'s Scope 3 Greenhouse Gas Emissions Inventory is updated as 2015 year.

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

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Scope 3 Greenhouse Gas Emissions Inventory, 2015.

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

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

Greenhouse Gas Emissions and Activity Boundaries

Domestic, export and import product logistic activities which is a part of downstream activities are included in Arçelik's Scope 3 Greenhouse Gas Inventory.

Emissions emitted from upstream activities and downstream activities excluding product logistic activities are not included in this inventory.

Greenhouse Gas Emissions Inventory Calculations

Arçelik A.Ş.'s Scope 3 Greenhouse Gas Emissions Inventory calculations are based on mainly "EPA Center for Corporate Climate Leadership: GHG Emission Factors for Greenhouse Gas Inventories".

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

Management of Uncertainties and Materiality

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

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

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

Internal Audits and Control Methods

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

Opinion Restatement

Arçelik A.Ş.'s Scope 3 Greenhouse Gas Inventory 2015 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is above 5%.



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

Executive Summary

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

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2016, contained by the Arçelik A.Ş Sustainability Report 2016 and detailed in Annex 1 has been verified with reasonable assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2016 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

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

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

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

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

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2016 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

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

Methodology Used for the Provision of Audit

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

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

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

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

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

The verifier or verification team has expertise to evaluate the implications of financial,

operational, contractual or other agreements that may affect organization boundaries, including any legal requirements related to the GHG assertion.

Restrictions

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

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Beko LLC Plant reported in their Sustainability Report 2016 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

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



Özlem Ünsal
Managing Director

İstanbul, 18.05.2017

Annex 1 : Arçelik A.Ş. Beko LLC Plant Greenhouse Gas Emissions Inventory Summary Report, 2016



Annex 1

Arçelik A.Ş. Beko LLC Plant Greenhouse Gas Emissions Inventory Summary Report, 2016

General Principles and Scope

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

This report is the summary of Beko LLC Plant's Greenhouse Gas (GHG) Emission Report 2016, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by Beko LLC Plant in Russia including production plant and product warehouse between 01.01.2016 - 31.12.2017.

The basis year for Beko LLC Plant's Greenhouse Gas Emissions Inventory is 2016 year.

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

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Greenhouse Gas Emissions Inventory, 2016.

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

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

The boundaries of the Beko LLC Plant's Greenhouse Gas Inventory are as follows:

- Beko LLC Campus: There are Refrigerator and Washing Machine plant, product warehouse and guest house

Greenhouse Gas Emissions and Activity Boundaries

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

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

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

- Direct Greenhouse Gas Emissions:

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

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

Beko LLC Plant's direct emission resources are; natural gas, diesel, LPG, petrol, refrigerants and acetylene

- Energy Indirect Greenhouse Gas Emissions:

Beko LLC Plant's indirect emission resource is electricity.

- Other Indirect Greenhouse Gas Emissions:

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

Greenhouse Gas Emissions Inventory Calculations

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

The calculation methodologies and emission factors are as follows:

- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" is used to calculate the greenhouse gas emissions sourced by stationary combustion.
- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 3: Mobile Combustion" is used to calculate the greenhouse gas emission sourced by the mobile combustion.
- Russian electricity emission factor is used from International Energy Agency CO2 Emissions From Fuel Combustion, Edition 2015.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions.

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

Management of Uncertainties and Materiality

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

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

Internal Audits and Control Methods

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

Opinion Restatement

Beko LLC Plant's Greenhouse Gas Inventory 2016 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 7%.



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

Executive Summary

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

The Selected Data of the Carbon Emissions which refer to the year ended 31.12.2016, contained by the Arçelik A.Ş Sustainability Report 2016 and detailed in Annex 1 has been verified with reasonable assurance.

Respective Responsibilities

It is the responsibility of the top management of Arçelik A.Ş to collect and prepare the necessary data for verification review with high accuracy. The top management of Arçelik A.Ş is also responsible for the content of the Sustainability Report 2016 which refers to the Selected Data in accordance with the criteria set out in Annex 1.

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

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

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

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

This report, including the Opinion Statement, has been prepared for the top managers of Arçelik A.Ş, to assist their Sustainability Report 2016 referring to the Arçelik A.Ş's carbon emission monitoring and control performance.

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

Methodology Used for the Provision of Audit

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

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

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

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

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

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

Restrictions

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

Opinion Statement

Based on the results of the verification audit we delivered according to our procedures, the Greenhouse Gas assertion of Arctic Refrigerator Plant reported in their Sustainability Report 2016 is materially correct and is a fair representation of the data and information and is prepared in accordance with the related international standard on Greenhouse Gas quantification, monitoring and reporting and to relevant national standards or practices available at the time verification audit performed.

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



Özlem Ünsal
Managing Director

İstanbul, 22.05.2017

Annex 1: Arctic Refrigerator Plant Greenhouse Gas Emissions Inventory Summary Report, 2016



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

General Principles and Scope

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

This report is the summary of Arctic Refrigerator Plant's Greenhouse Gas (GHG) Emission Report 2016, including the general principles of the calculation methodologies and the GHG management.

This inventory includes greenhouse gas emissions sourced by Arctic Refrigerator Plant in Romania including production plant and product warehouse between 01.01.2016 - 31.12.2016.

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

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

Greenhouse Gas Emissions Inventory Boundaries

Arçelik A.Ş. adopted control approach into its Greenhouse Gas Emissions Inventory, 2016.

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

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

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

- Arctic Campus: The Refrigerator plant and product warehouse

Greenhouse Gas Emissions and Activity Boundaries

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

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

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

- Direct Greenhouse Gas Emissions:
Arçelik A.Ş.'s direct greenhouse gas emissions are in three categories:
 - Greenhouse gas emissions sourced by the stationary combustion,
 - Greenhouse gas emissions sourced by the mobile combustion,
 - Other direct greenhouse gas emissions.

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

- Energy Indirect Greenhouse Gas Emissions:
Arctic Refrigerator Plant's indirect emission resource is electricity.
- Other Indirect Greenhouse Gas Emissions:

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

Greenhouse Gas Emissions Inventory Calculations

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

The calculation methodologies and emission factors are as follows:

- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 2: Stationary Combustion" is used to calculate the greenhouse gas emissions sourced by stationary combustion.
- The "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, Chapter 3: Mobile Combustion" is used to calculate the greenhouse gas emission sourced by the mobile combustion.
- The electricity emission factor is chosen as "zero (0)" for electricity that is generated from renewable sources. A certificate has been obtained from the supplier which specifies that electricity which is supplied to Arctic has been generated from renewable energy sources.
- The "American Petroleum Industry Compendium (2009)", "TS ISO 14064-1 GHG Reporting Standard - Ek C", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3: Industrial Processes and Product Use Chapter 7: Emissions of Fluorinated Substitutes for Ozone Depleting Substances", "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7: ODS Substitutes - Volume 3: IPPU Intergovernmental Panel on Climate Change 2006", "IPCC-2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion, Volume 2: Energy" are used to calculate the other direct greenhouse gas emissions.

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

Management of Uncertainties and Materiality

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

The uncertainty is calculated regarding to Arctic Refrigerator Plant's direct greenhouse gas emission and indirect greenhouse gas emissions, separately.

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

Internal Audits and Control Methods

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

Opinion Restatement

Arctic Refrigerator Plant's Greenhouse Gas Inventory 2016 is materially correct and is a fair representation of the data and is prepared in accordance with the related international standard on greenhouse gas and to relevant national standards or practices available. It has been agreed that the materiality is under 5%.

Arçelik A.Ş.

SUSTAINABLE DEVELOPMENT GOALS

As one of the world's leading manufacturer of consumer durables and consumer electronics, at Arçelik A.Ş. we aim to contribute to the sustainable development of our global operational geography. We have undertaken a profound transformation towards an increasingly sustainable business model in order to manage our environmental and social impacts more effectively. In this regard, we commit to contribute to 9 of United Nation's Sustainable Development Goals 9 global goals, which we have determined with regards to the sector we operates in, our material sustainability issues and the specifics of our operational geography.



Arçelik A.Ş. realizes programs that contribute to the occupational and individual development of its employees. The Company also contributes to the CSR projects that support the education of youth in its operational geography. You can find more information about the practices and projects in this regard at "Employee Development" and "Social Development" sections of the report.



Anti-discrimination lies at the bottom of Arçelik A.Ş.'s human resources policy. The Company, which steadily increases the number of its female employees and executives, voluntarily participates in global initiatives in gender equality field. You can find more information about Company's practices in gender equality field at "Working at Arçelik A.Ş." and "Social Development" sections of the report.



Arçelik A.Ş. minimizes its possible impacts on water resources with effective water management practices. The Company also develops pioneering water-efficient products as a results of its R&D studies. You can find more information about Arçelik A.Ş.'s related practices at "Use, Recovery and Discharge of Water in Production" and "Water Efficiency in Products" sections of the report.



Arçelik A.Ş. conducts studies for energy efficiency in production, steadily increases the ratio of energy derived from renewable resources and develops energy efficient products; minimizing its carbon footprint. You can find more information about related practices at "Energy Efficiency in Production" and "Energy Efficiency in Products" sections of the report.



Arçelik A.Ş. participates in voluntary initiatives in human and employee rights and strives to extend its approach in this field to its value chain. You can find more information about related practices at "Working at Arçelik A.Ş." and "Responsible Purchasing" sections of the report.



In line with its "Innovative" principle, Arçelik A.Ş. renders innovation a part of its corporate culture and all its business processes. The Company contributes to technological progression with its experience and provides its customers with environmentally friendly products that create added value with its R&D studies. You can find more information about related practices at "Innovation and Superior Technology" section of the report.



With its environmentally friendly product development studies, Arçelik A.Ş. minimizes the environmental impacts of its product at both production and use phases as a responsible producer. The Company aims to lead its sector with social projects in responsible consumption field. You can find more information about related practices at "Use of Natural Resources and Waste Management" and "Social Development" sections of the report.



Arçelik A.Ş. acts in line with its environmental responsibilities, steadily minimizes the impacts of its operations and voluntarily participates in global initiatives in climate change field. You can find more information about related practices at "Sustainability Management" and "Environmental and Energy Management" sections of the report.



Arçelik A.Ş. contributes to and participates in environmental, social and economic initiatives, which would contribute to Sustainable Development Goals thanks to the dialogs its forms at the levels of Company and Koç Holding. You can find more information about related practices at "Sustainability Management" and "Dialog with Stakeholders" sections of the report.



GRI Standard	Disclosure
GRI 101: Foundation	
GRI 102: General Disclosures 2016	
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102-1	About Arçelik A.Ş., pp. 10-11
102-2	About Arçelik A.Ş., pp. 10-11
102-3	Contact, p. 80
102-4	About Arçelik A.Ş., pp. 10-11
102-5	Arçelik A.Ş. Annual Report 2016, p. 15
102-6	About Arçelik A.Ş., pp. 10-11
102-7	About Arçelik A.Ş., pp. 10-11
102-8	Social Performance Data, p.63
102-9	Sustainability Management in Value Chain, pp. 44-53
102-10	GRI Content Index: Detailed information about significant changes during the reporting period can be reached through Investor Relations/ Latest Full Developments section located at www.arcelikas.com .
102-11	Risk Management, p.15
102-12	Participation in Sustainability Initiatives, pp.18-19
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102-41	Freedom of Association, p.24
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102-43	Dialog with Stakeholders, pp. 19-20
102-44	Employee Engagement and Motivation, p.28; After Sales, pp. 52-53; Arçelik A.Ş. Annual Report 2016, pp. 60-62
Reporting Practice	
102-45	About the Report, p.1; Arçelik A.Ş. Annual Report 2016, p. 121
102-46	About the Report, p.1; Identification of Material Aspects, p.17
102-47	Identification of Material Aspects, p.17
102-48	Environmental Performance Data, pp. 61-62
102-49	GRI Content Index: There is no change.
102-50	About the Report, p.1
102-51	GRI Content Index: June, 2016
102-52	GRI Content Index: Annual
102-53	Contact, p. 80
102-54	GRI Content Index: This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI Content Index, pp. 74-79
102-56	About the Report, p.1; Independent Assurance Report, pp. 64-71

Material Topics	
GRI 200: Economic Standard Series 2016	
Economic Performance (Not Material)	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Message from the CEO, pp. 4-5
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
201-1	About Arçelik A.Ş., pp. 10-11; Economic Performance Data, p.60
201-4	Arçelik A.Ş. Annual Report 2016, p. 150
Indirect Economic Impacts (Not Material)	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Sustainability Management in Value Chain, pp. 44-53, Social Development, pp. 54-59
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
203-1	Social Development, pp. 54-59
Supplier/Dealer Success	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Responsible Purchasing, pp. 48-49; Distribution and Authorized Dealer Network, p.51
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
203-2	Responsible Purchasing, pp. 48-49; Distribution and Authorized Dealer Network, p.51
Sustainability and Risk Management	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Risk Management, p.15
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
205-1	Risk Management, p. 15; GRI Content Index: All Arçelik A.Ş. operations are assessed for risks related to corruption.
205-3	GRI Content Index: There has been no major incidents of corruption during the reporting period. In cases of minor incidents, related processes are analyzed thoroughly; process changes are conducted and control mechanisms are implemented in order to minimize the determined risks.
Customer Satisfaction	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; After Sales, pp. 52-53
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
Product Strategy in Emerging Markets	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Message from the CEO, pp. 4-5
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
Eco Innovative Products with Added Value	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Innovative and Superior Technology, pp. 45-47
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16



Material Topics	
GRI 200: Economic Standard Series 2016	
Innovation Management and Collaborations	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Innovative and Superior Technology, pp. 45-47
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
Product Durability	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Innovative and Superior Technology, pp. 45-47
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p. 6
Purchasable/Accessible Products	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Products Accessible for Everyone, p.47
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16

GRI 300: Environmental Standards Series 2016	
Environmental Impacts of Production	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Environmental and Energy Management, pp. 32-37; Use of Natural Resources and Waste Management, pp. 38-43
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
301-1	Efficiency in Raw Material and Material Use, p.39; Environmental Performance Data, pp. 61-62
301-2	Reuse, Recycling and Disposal of Products, p.41
302-1	Energy Efficiency in Production, p.35; Environmental Performance Data, pp. 61-62
302-2	Energy Efficiency in Production, p.35; Environmental Performance Data, pp. 61-62
302-3	2016 Results & 2020 Commitments, pp. 8-9; Environmental and Energy Management, pp. 32-37
307-1	"GRI Content Index: During the reporting period, no significant* fines were paid for non-compliance with environmental laws and regulations."
306-2	Wastes from Production Processes, p.40; Environmental Performance Data, pp. 61-62

GRI 300: Environmental Standards Series 2016**Environment Friendly Products / Products Compatible with Alternative Energy Resources**

103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Energy Efficiency in Products, p.36; Water Efficiency in Products, p.43
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
302-5	Energy Efficiency in Products, p.36

Water Issues

103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Use, Recovery and Discharge of Water in Production, p.42; Water Efficiency in Products, p.43
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
303-1	Use, Recovery and Discharge of Water in Production, p.42; Environmental Performance Data, pp. 61-62
303-2	GRI Content Index: Since the most of the water used is withdrawn from the municipal systems and no water bodies with RAMSAR or similar protection status are employed, Arçelik A.Ş. operations does not result in any stress on water bodies.
302-4	Energy Efficiency in Production, p.35
303-3	Use, Recovery and Discharge of Water in Production, p.42; Environmental Performance Data, pp. 61-62
306-1	Use, Recovery and Discharge of Water in Production, p.42; Environmental Performance Data, pp. 61-62
306-5	GRI Content Index: Most of the wastewater generated at Arçelik A.Ş. factories are discharged to industrial sewage systems, while the remainder is discharged to receiving environment. As the wastewater is discharged after treatment processes, it complies with the quality levels foreseen by the regulations and the biodiversity value is not effected.

Climate Change Issues

103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Combating Climate Change, p.34
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
201-2	Participation in Sustainability Initiatives, pp. 18-19; Combating Climate Change, p.34
305-1	Combating Climate Change, p.34; Environmental Performance Data, pp. 61-62
305-2	Combating Climate Change, p.34; Environmental Performance Data, pp. 61-62
305-3	Combating Climate Change, p.34
305-5	Combating Climate Change, p.34

Responsible Supply Chain Management

103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Responsible Purchasing, pp. 48-49; Sustainable Supply Chain, p.50
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
308-1	Responsible Purchasing, pp. 48-49
308-2	Responsible Purchasing, pp. 48-49; Sustainable Supply Chain, p.50
414-1	Responsible Purchasing, pp. 48-49
414-2	Responsible Purchasing, pp. 48-49



GRI 400: Social Standards Series 2016	
Employee Rights	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Working at Arçelik A.Ş., pp. 23-24; Freedom of Association, p.24
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
201-3	Working at Arçelik A.Ş., pp. 23-24
401-2	Working at Arçelik A.Ş., pp. 23-24
401-3	Working at Arçelik A.Ş., pp. 23-24
402-1	GRI Content Index: In Arçelik A.Ş., in cases of collective/individual dismissals or reassignments, labor regulations of the related countries and provisions stated in collective bargaining agreements are applied.
407-1	Freedom of Association, p.24
Talent Management and Professional Development	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Working at Arçelik A.Ş., pp. 23-24; Employee Development, p.27
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
202-1	Working at Arçelik A.Ş., pp. 23-24
202-2	Social Performance Data, p.63; GRI Content Index: "Local" is defined on the basis of citizenship
401-1	Social Performance Data, p.63
404-1	2016 Results & 2020 Commitments, pp. 8-9; Employee Development, p.27; Social Performance Data, p.63
404-2	Employee Development, p.27
404-3	GRI Content Index: All employees in Turkey, Romania, Russia, UK and France operations are receiving regular performance and career development reviews.
405-1	Social Performance Data, p.63
305-1	Combating Climate Change, p.34; Environmental Performance Data, pp. 61-62
305-2	Combating Climate Change, p.34; Environmental Performance Data, pp. 61-62
305-3	Combating Climate Change, p.34
305-5	Combating Climate Change, p.34
Responsible Supply Chain Management	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p. 16; Responsible Purchasing, pp. 48-49; Sustainable Supply Chain, p.50
103-2	Sustainability Management, p. 16
103-3	Sustainability Management, p. 16
308-1	Responsible Purchasing, pp. 48-49
308-2	Responsible Purchasing, pp. 48-49; Sustainable Supply Chain, p.50
414-1	Responsible Purchasing, pp. 48-49
414-2	Responsible Purchasing, pp. 48-49

GRI 400: Social Standards Series 2016**Occupational Health and Safety**

103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Occupational Health and Safety, pp. 30-31
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
403-1	Occupational Health and Safety, pp. 30-31
403-2	Occupational Health and Safety, pp. 30-31; Social Performance Data, p.63; GRI Content Index: During the reporting period, no work-related fatalities occurred within the scope of Arçelik A.Ş. operations.
403-3	Occupational Health and Safety, pp. 30-31
403-4	Freedom of Association, p.24

Human Rights

103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Responsible Purchasing, pp. 48-49; Working at Arçelik A.Ş., pp. 23-24
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
406-1	Working at Arçelik A.Ş., pp. 23-24
408-1	Responsible Purchasing, pp. 48-49
409-1	Responsible Purchasing, pp. 48-49
410-1	GRI Content Index: All security personnel working in Arçelik A.Ş. operations receive trainings about policies, procedures and legally mandatory topics, including human rights.
412-2	Arçelik A.Ş. Ethics and Compliance System, p.14

Product and Service Quality

103-1	Identification of Material Aspects, p.17; Sustainability Management, p.6; Distribution and Authorized Dealer Network, p.51; After Sales, pp. 52-53
103-2	Sustainability Management, p.6
103-3	Sustainability Management, p.6
416-1	"GRI Content Index: Arçelik A.Ş. complies with all international and local regulations concerning health and safety impacts of its products."
416-2	GRI Content Index: There were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

Brand Reliability

103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; Risk Management, p.15
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
417-1	Energy Efficiency in Products, p.36
417-2	"GRI Content Index: Arçelik A.Ş. complies with all international and local regulations concerning product information and labeling."
417-3	GRI Content Index: No incidents of non-compliance with regulations and voluntary codes concerning Not Assured marketing communications have taken place during the reporting period.
419-1	GRI Content Index: During the reporting period, no significant fines were paid for non-compliance with laws and regulations in the social and economic area



GRI 400: Social Standards Series 2016	
Consumer Rights	
103-1	Identification of Material Aspects, p.17; Sustainability Management, p.16; After Sales, pp. 52-53
103-2	Sustainability Management, p.16
103-3	Sustainability Management, p.16
418-1	GRI Content Index: There were no substantiated complaints received concerning breaches of customer privacy during the reporting period.

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