

Arçelik-LG Code of Ethical Conducts and Practising Principles

1. Introduction

Arçelik-LG aims customer satisfaction as well as to provide products and services in global quality and standards together with contributing to economical & social development by. Thus, targets to be symbol of credibility, continuity and respectability for its national and global customer, shareholders, employees, suppliers, dealers/distributors and authorised services -in brief for its entire stakeholders –

Arçelik-LG, predicating upon the principles of Vehbi Koç – founder of Koç Group – as

- * Our customers are our patrons
- * Being the best at all times is our essential objective
- * Our most important asset is our human resources
- * Our aim is to create resources for continuous improvement
- * We take aim at enforcing the economy of the country where we get our strength from
- * Complying with outstanding ethical and honest working principles is our motto

has been aiming Arçelik-LG employees and for those persons who act on behalf Arçelik-LG to be guiding in the decisions they would make as well as in their acts while fulfilling their duties to through Arçelik-LG Code of Ethical Conducts.

All Arçelik-LG employees are being expected to act in particular behaviour in the manner of providing corporate culture integrity. Furthermore, the expectancy from all the employees is to protect and improve the respectability of Koç title and the credibility of Koç Group corporate structure.

Including the temporary staff all the personnel employed within Arçelik- LG are obliged to comply with Arçelik-LG Code of Ethical Conducts. All the stakeholders are expected to obey work ethics and all the practice principles supporting those rules.

Communicating Code of Ethical Conducts to all employees, enabling employees giving necessary importance to those rules and showing necessary effort and leadership for compliance with Code of Ethical Conducts are amongst the duties of the mid-level and executive managers.

The responsibility of Code of Ethical Conducts and Practising Principles final version to be read and understood by the employees and the certification of practise commitment is on employee's superior.

2. Arçelik-LG Employee Relations

Arçelik-LG aims to be ideal and preferable establishment that everyone would be proud to be part of- consisted of most successful and qualified professionals who create the added value that shall enable sustainable growth.

Arçelik-LG attaches value to its employees and acts respectfully towards employee rights. The principle of "Our most significant asset is our human resources" is one of the main principles that Arçelik-LG adopts since the day of its foundation.

Within this framework;

Arçelik-LG,

- as a unique standard for recruitment and employment, asks for eligibility feature, accommodates equal opportunities without discrimination;
- brings in most qualified youngsters and experienced professionals who shall carry our company forward;
- seeks for benefiting from its employees' skills, strength and ingenuity at maximum level;
- provides equal chance and opportunity for its employees to be trained, guided and improved for occupational and personal matters;
- by watching over improvements of its employees' working environment & conditions within the bounds of establishment's resources, awards achievements through fair and competitive wage-policies, effective and impartial performance assessment system & applications;
- enhances employees' company loyalties by providing equal opportunity for promotional and awarding matters;
- shows maximum effort for fostering creativity and provide an environment for creative thinking;
- appreciates and responds its employees' opinions & suggestions, also takes motivation improver measures;
- provides clean, healthy and safe working conditions for the employees;
- maintains continuity of labour peace;
- respects human rights;
- creates and maintains transparent work environment that encourages mutual respect, where also the team work and solidarity is the prime element;
- under no circumstances, does not allow physical violence and harassment at the workplace;
- under no circumstances, does not allow any application within the scope of physiological harassment (mobbing) at the workplace;
- does not disclose employees' personal information to third parties without employees knowledge and consent, unless required by statutory obligations;
- does not interfere with employees' personal lives.

3. Arçelik-LG External Affairs

3.1. Communications with Stakeholders

Arçelik-LG employees,

- represent company identity before the public and also improve company reputation;
- by keeping communication channels with stakeholders, benefit from criticism and recommendations and accordingly maintain constructive relations;
- avoid stating personal opinions during communion with public.

3.2. Shareholders Relations

Arçelik-LG,

- protects shareholders rights and interests laid down with laws;
- indiscriminatingly and in the same manner creates consistent and sustainable value for all shareholders;
- shows maximum effort for value generation in return of resources provided by the shareholders, distributes realised profit to the shareholders or turns into investment;
- enables announcements in relation with the company to be made to the shareholders and the public, in due time and in the correct way;
- ensures company to be managed within the framework of reliability and honesty which has been ongoing since the establishment of Koç Group and LG, also by targeting sustainability growth and profitability manages company resources as well as working time with efficiency conscious.

3.3. Compliance with Laws and Legal Proceedings

Arçelik-LG,

- abides with all laws, rules and regulations concerning countries that company currently and in future operates in;
- conducts, records and reports business operations and accounting system in full compliance with laws;
- ensures agreements/contracts drawn up with other persons and establishments to be clear and comprehensible and also in accordance with laws & codes of conduct.

3.4. Social Responsibility

Arçelik-LG,

- promotes activities/studies that shall contribute to economic and social development;
- along with good citizen awareness, acts responsively as a leader in social matters; tries to take part in and/or supports non-governmental organisations, missions for public interest and appropriate activities;
- encourages employees to take part in voluntary works;

- shows awareness towards public matters and provides support for positive development of the community;
- Protecting “My fundamental law is; As long as my state and country exist I exist. We must show maximum effort as much as we can in order to enforce the economy of our country. As long as the economy gains strengths democracy settles in, our global reputation would grow positively” Idestar principle of Vehbi Koç – our founders for improvement of the society that we live in and for our employees.

3.5. Customer Relations

Arçelik-LG,

- creates value for customers, meets their demands and needs at ultimate level;
- Provides quality products & services and also follow consistent policies;
- establishes long term environment of trust within customer relations;
- targets being first choice by increasing customer satisfaction during sale and after sale period;
- does not provide customers with misleading and insufficient information.

3.6. Supplier, Retailers, Authorised Dealer and Authorised Service Relations

Arçelik-LG,

- creates mutual value during business relations with suppliers, retailers, authorised dealers and authorised services;
- conducts open, direct and proper communications with suppliers, retailers, authorised dealers and authorised services
- Makes up decisions through impartial criteria during supplier selection;
- during supplier, retailer, authorised dealer and authorised service inspections and visits, abides reasonable confidentiality and work safety rules requested by supplier.

3.7. Competitor and Competition Relations

Arçelik-LG,

- excluding the limits allowed by the legislations, under no circumstances does not neither enter in agreements with competitors or other person or other establishments - aiming for direct or indirect anticompetitive, disruptive or restrictive purposes or furthermore in agreements currently posing or will pose such effects, nor acts in accordance with abovementioned;
- In circumstances such as being in a domineer position singly or together with other enterprises in a specific market, does not abuse such domineer position;
- does not negotiate/meet and/or exchange information with competitors for jointly determining market and/or competition terms;

- during attendances to the association, committee, chamber, professional body etc. meetings along with other private and professional meetings representing the company, avoids any kind of negotiations/meetings and operations which may cause above stated circumstances or may be described as such;

3.8. Global Responsibility

3.8.1. Environmental Protection

Arçelik-LG operates and improves/develops its practises in accordance with legal necessities and other obligations as well as environmental policies of Koç Group and LG.

3.8.2. Global Relations Contract

Arçelik-LG acts in accordance with the principles determined by United Nations Global Compact for the benefit of our country as well as our world and also together with its employees, suppliers, retailers, authorised dealers and authorised services sets an example for being corporate citizenship.

4. Code of Ethical Conducts Mandatory to Comply by Employees

Maintaining Arçelik-LG to be remembered with professionalism, honesty and reliability and to be carried further away is the primary responsibility of entire Arçelik-LG employees. Within this framework expectations from Arçelik-LG employees are as follows;

We, as Arçelik-LG employees

- always abide laws, legislations and other legal rules of Republic of Turkey along with international legal rules approved by Republic of Turkey;
- fulfil our duties within the scope of basic moral and humanitarian values;
- act fairly, in good faith and understanding in order to achieve mutual advantage in all our relations;
- act in accordance with relating work ethic rules and all practice principles supporting those rules during our duties that we fulfil;
- never illegally acquire income from person(s) and establishments; do not accept/give bribe on any ground;
- take care all tangible & intangible assets of the company including the information and information systems, as if our own; protect those against possible loss, damage, misuse, misconduct, theft and sabotages;
- unless clearly authorised, do not engage in any actions, make any statement or exchange any correspondence that shall obliged company;
- do not engage in actions that shall disturb and/or damage other employees, do not spoil work harmony;
- do not use directly or indirectly our work time and company resources for personal gain and/or political activities.

4.1. Asset and Knowledge/Information Management

4.1.1. Intellectual Property Rights

We, as Arçelik-LG employees

- ensure legal proceedings to be initiated and completed in due time, in order to secure intellectual property rights of newly developed products, processes and software;
- report those inventions we made to the concerning departments by documenting in accordance with Arçelik-LG procedures and never disclose to third parties without Arçelik-LG's written consent;
- refuse intentional unauthorised use of patent, copyrights, trade secret, brands, computer programmes belong to other firms or other intellectual and industrial property rights.

4.1.2. Knowledge/Information Management

We, as Arçelik-LG employees

- ensure all legal records to be kept in a reliable manner;

- do not respond to the information requests fall into the category of confidential for the company and coming from third parties, unless there is senior management's approval.
- show meticulous care for statements made and reports submitted by the company to be fair.

4.1.3. Security and Crisis Management

We, as Arçelik-LG employees

- take necessary measurements for the protection of company employees, information and information systems, factories and administrative facilities against potential terrorist acts, force of nature and malevolent moves;
- make necessary crisis plan in relation with emergency management which shall be formed in the event of terrorism, force of nature etc. and by this way ensure the work continuity with minimum loss;
- take all necessary precautions in order to prevent company assets to be stolen or get damaged.

4.1.4. Confidentiality

We, as Arçelik-LG employees

- consciously act knowing that financial and trade secrets which belongs to Arçelik-LG, information that shall reduce Arçelik-LG's competitiveness, employees' rights & data, agreements with business associates are within "confidentiality" and accordingly we ensure protection and confidentiality of those abovementioned;
- - for whatever the reason is - do not share information that we acquainted as a part of our jobs and documentation that we are provided with unauthorised persons and bodies internally & externally, we do not directly or indirectly use for speculative intention;
- - under no circumstances – do not misuse non-public information in relation with the companies that we work for as well as their customers and other associated persons & companies and we do not share those with third parties without obtaining required permissions.

Question: Our General Manager, at the communication meetings, informs us about in matters such as sales, production etc. Do we need to appreciate those information within confidentiality?

Answer: Because such disclosed information is strictly rank as confidential, they should not be externally shared / disclosed under no circumstances. Furthermore, in order to prevent direct or indirect speculative use, such information is advisable to be discussed internally (in places such as cafeteria, shuttles etc.)

4.2. Avoiding Conflict of Interest

Conflict of interest represents all kinds of advantage that shall or might affect employees fulfilling their obligations impartially and provides benefit to employees, their relatives/acquaintances, friends or persons as well as establishments that they are in contact with and also it is the state of obtaining financial and any personal benefit.

4.2.1. Taking No Action for the Benefit of Own or Relatives/Acquaintances

We, as Arçelik-LG employees

- do not obtain unfair advantage in favour of our own, relatives/acquaintances or third parties by taking advantage of our titles and powers;
- - for the personal investments to be made - pay attention for not getting into a conflict of interest position with the current establishment that associated with;
- pay attention for personal investments to be made or any engagement other than any business operation not to interfere with performing our current obligations/duties in terms of time and attention and also we avoid occurrence of such circumstances that prevent focusing on our main duties;
- in the event of persons having senior decision-making position in relation with same business, within the companies as clients or suppliers, being our immediate family, we inform our senior superior and Human Resources Management with conflict of interest declaration form;
- in the event of having shares in another company or participate in other companies' investments, we inform at the first stage of our employment;
- in the event of finding out our relatives having shares or financial benefits in another company that are object to business connection, we inform our senior superiors.

Question: My sibling has started to work in one of the subsidiaries of our company. For the sake of my position we are constantly in communication. Under the circumstances what should I do?

Answer: Regardless your duty or position or your immediate relatives', you need to inform Human Resources Management regarding such matters which can be perceived as conflict of interest, with conflict of interest form.

4.2.2. Representation and Participation to the Organisational Events

Excluding open house conferences, receptions, publicity events, seminars etc organised by persons or establishments that are or having the potential to be object to business connection, parties/events such as sporting events, local/abroad trips etc. that are or might be perceived as influential for decision-making, are subject for General Manager approval.

4.2.3. Receiving and Giving Gifts

We, as Arçelik-LG employees

- during conducting business with private or official persons and bodies who would like to establish or maintain a business connection, do not accept or offer any gifts including souvenirs/promotional materials such as pen, calendar, diary. We consign received ones to the Human Resources Management with a Gift Declaration Form and send thank-you note.
- Do neither ask for any discount or benefit from the suppliers, retailers, authorised dealers and authorised services, customers, Group companies or third parties which can be perceived as inappropriate, nor offer as such to the third parties, when offered to us we do not accept.

Question: For the sake of my duty and my department, I am constantly in communication with the subsidiary industry representatives. We regularly talk during the day and carry out studies for problem solving. The other day, one of my colleagues has humorously dropped a hint for one the firms to bring over dessert. Since then, particular firm has started to send dessert to our department every week. Are there any reservations for accepting gifts within food-drink concept?

Answer: For whatever reason it might be, demanding and offering any gifts from/to suppliers is against our rules for ethical approach. As you stated, most particularly if you participate in a department which works closely with the suppliers and such circumstance is on continuous basis, you immediately inform the Ethical Committee and do not accept gifts send by that supplier, even they are within food-drink concept.

Question: One of our suppliers has sent a new year gift (tie) for me. What I am supposed to do?

Answer: In such cases, first of all consign the gift Human Resources Management and send a thank-you note to the supplier who sends such gift.

4.2.4. Ex-Employees Conducting Business with Arçelik-LG

After leaving work, by personally establishing a company or becoming partner to a company engaging in business with Group Companies in terms of sales, contractor, consultancy, brokerage, agent, dealer or such similar ways is another very important matter posing as negative perception which needs to be taken into consideration seriously.

Before or after such process, it is required to act within the company interest as well as to abide with the moral and ethical rules, furthermore no conflict of interest circumstances should be allowed afterwards.

Concerning manager should inform his/her superior through a report prepared for the supplier in such position, by getting in touch with the Group Company which concerning supplier worked before and explaining that there is no inappropriate situation.

If an inappropriate situation is the subject, no trade connection should be entered with the relating person.

Excluding the exceptional circumstances require approval of the President, in order to prevent negative perceptions it is required not to give approval for such trade connections before 2 years had passed over ex-employee's release from work.

4.2.5. Insider Trading

We, as Arçelik-LG employees are aware of that trying to gain any commercial interest by using any confidential information belongs to Arçelik-LG, Koç Group and LG or by impairing third parties; including direct or indirect purchasing shares from stock exchange (inside trading) is a statutory crime and not any account we never attempt to do so.

5. Worker's Health and Safety

Arçelik-LG, while meeting all legal and other obligations in relation of worker's health and safety, also adopts the principle for occupational health & safety improvement activities are the common responsibility of all employees; Arçelik-LG also takes a pro-active approach for occupational safety. Arçelik-LG targets to provide worker's health & safety entirely, at the workplace and on the job. (farklı renk)

We, as Arçelik-LG employees

- act in accordance with the rules and directives established for worker's health and occupational safety and take necessary cautions accordingly;
- do not keep any illegal objects or substances at the workplace, that pose danger to the workplace and/or workers;
- do not keep any narcotic, addictive drugs as well as substances that limit or remove the mental or physical faculties - excluding the ones according to a valid medical doctor report, also we do not work at the workplace within the work content while we are under the influence of such substances.

6. Political Activity Prohibition

Arçelik-LG does not make donation to political parties, politicians or political candidates, does not permit demonstrations, propaganda and activities with similar intentions for such matters. In this context, Arçelik-LG does not allocate company resources (such as vehicles, computers, e-mails) for activities with political intentions.

Entire Koç Group employees acknowledge that they are obliged to inform their managers in head of department position prior to participation to any political party whether with a political intention or not or to become a member to any non-governmental organisation or similar organisations and obtain affirmation for the compliance abovementioned membership or works with Koç Group ethical rules.

7. Codes of Practice for Ethical Conduct Rules

7.1. Obligation for Breach Notifications

If employers come to know or suspect that laws, legislations or rules that the company is subject to, are being breached, they are obliged to communicate such matter to the Ethical Committee via e-mail (etikkurul@arcelik-lg.com) or in writing.

In case of the possibility that communications made may affect the peace or work relations at work negatively, disclosures to 3rd parties shall be strictly prevented.

It should be regarded for the communication mechanism must be in accordance with company interest.

It is a very important matter that the notifying party must be free of intentions such as gossiping about the person who had been denounced or trying to affect his/her career negatively. In this context, secrecy, objectivity and accordance with ethical rules during the denouncement and investigation

process is a very critical matter. Both notifying party and the persons who conduct the process concerning the matter are obliged to pay maximum attention and care to such matter.

In the event of detecting intentional communications with artificial and/or slander characteristics, it shall be interpreted as breach of ethical rules. Following the breaches of Rules of Ethical Conducts below given disciplinary measures shall be applied:

- If there is a misconduct that has been detected as intentional is in question; dismissal (as per relative articles of the labour code), if necessary - initiating a legal action (Previous useful works done by the person who intentionally gained unfair advantage cannot partially or wholly form a reason for pardon).
- If there is no misconduct or there is misconduct generating from incautiousness or lack of knowledge; oral or written admonition which accommodates the effect of the incident..

7.2. Obligations of the Ethical Committee

The operation of ethical rules as described in Codes of Practice for Ethical Conduct Rules Manual which are required to be applied for all activities, are being conducted by Ethical Committee form within the body of Arçelik-LG. Ethical Committee forms of General Manager, Executive Level Manager, Human Resources Manager and Legal Affairs Supervisor.

Ethical Committee,

- assigns and conducts the equipment, training and management structure which is required for system set up for compliance with ethical rules and when it is necessary appoints person and/or persons for those activities;
- fulfils duties in relation with internalising and practising of ethical rules throughout the company;
- systematises general rules and procedures in order to enable entire employees, shareholders and customers to communicate breach of ethical rules and any other similar regulations;
- when required – arranges instructions in relations with ethical rules;
- regulates reporting procedures required for employees to be able to decide on and report when ethical rules are being breached or someone is forced to breach rule.

7.3. Obligations of Arçelik-LG Employees

All employees,

- must read Codes of Practice for Ethical Conduct Rules manual and commit to comply with obligations as determined in the manual;
- must comprehend, acknowledge and fulfil their duties as stated within ethical rules and similar regulations; she/he must also practise ethical conduct while executing her/his duties;
- when they or someone else breach the ethical rules or force to breach, must promptly report the such case to the ethical committee in accordance with the stated procedures.

- need to know that not having knowledge of ethical rules or similar regulations does not release their obligations. Employees must consult to the ethical committee for the matters that they are concern/wonder about the breaches.

7.4. Obligations of the Executives/Managers

Communicating Arçelik-LG Rules for Ethical Conduct to all the employees as well as making required effort and showing essential leadership for ensuring all employees to give due consideration and to abide to those rules accordingly are amongst the fundamental duties of all executives/managers who work in Arçelik-LG. The responsibility of Arçelik-LG Codes of Practice for Ethical Conduct Rules document's final version to be read, comprehended by the employees as well as documenting practice commitment is the responsibility of employee's higher superior. Arçelik-LG executives/managers must always set a good example and be guiding for all employees to act in accordance with company's business policies and rules.

REPRESENT AND WARRANT CERTIFICATE

I declare and undertake that I have read, comprehended all the articles of "Arçelik-LG Rules for Ethical Conduct and Codes of Practice" and accordingly I shall abide with its contents.

Name & Surname :

Signature :

Date :