

Building a Sustainable Future with Vestel



Vestel Beyaz Eşya 2020 Annual Report

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For the pdf copy of Vestel Beyaz Eşya 2020 Annual Report, you can send the QR code to your browser.



<http://vesbe.vestelinvestorrelations.com/en/financials/annual-reports.aspx>

By combining our capabilities of being a powerful technology company with our agile and effective management approach, we supported the efforts to tackle the coronavirus in Turkey with our social contributions during the pandemic, as well as ensuring sustainability in production and employment.

We have implemented a vast array of applications by focusing on making people's lives easier. With our vision and mission to be the pioneer of technological developments, we have developed household appliances which save water and energy as well as products which meet individuals' desires for more hygiene and healthy living.

With the vision of Smart Life 2030, we are committed to implementing the life-enhancing power of technology and digitalization on the basis of a business model which combines profitability and social benefit. We will continue to work to shape a sustainable future with smart approaches.

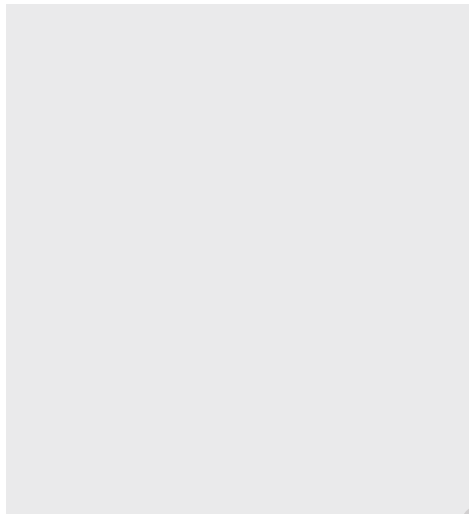
Brand New Customer Experiences



High Customer Satisfaction



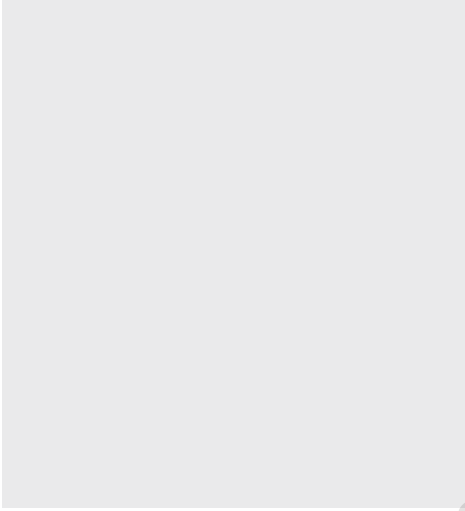
Brand New Technologies



Extra Hygienic and Health-Focused Products



Brand New Goals



 **KAÇOD**
Kanser Çocuklarından Üzük Our Derneği



Increasing our Contribution to Society



Summary Financial and Operational Indicators

Condensed Income Statement (Euro million)

	2016	2017	2018	2019	2020
Net Sales	909	937	1,006	1,098	1,172
Exports/Sales	76%	74%	79%	82%	77%
Gross Profit	147	120	161	139	225
Gross Profit Margin	16.1%	12.8%	16.0%	12.7%	19.2%
Operating Profit*	109	86	129	105	190
Operating Profit Margin*	12.0%	9.2%	12.8%	9.5%	16.2%
EBITDA*	136	113	158	145	228
EBITDA Margin*	15.0%	12.1%	15.7%	13.2%	19.4%
Net Profit	97	72	110	89	166
Net Profit Margin	10.7%	7.7%	10.9%	8.2%	14.1%

*Excluding other operating income and expense

Condensed Balance Sheet (Euro million)

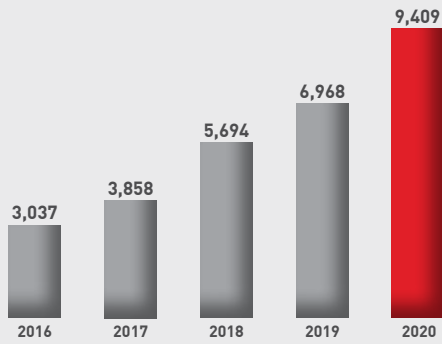
	2016	2017	2018	2019	2020
Cash and Cash Equivalents	3	16	20	18	24
Trade Receivables	321	232	246	263	365
Inventories	66	111	96	97	106
Current Assets	492	507	508	476	624
Property, Plant and Equipment	89	123	238	228	243
Total Assets	619	671	777	749	914
Short-Term Liabilities	271	378	456	450	495
Long-Term Liabilities	99	69	21	28	45
Shareholders' Equity	249	224	301	272	373
Net Financial Debt	115	137	110	113	159

Condensed Cash Flow Statement (Euro million)

	2016	2017	2018	2019	2020
Cash Flows from Operating Activities	74	159	191	97	72
Net Cash Flows from Investing Activities	(112)	(148)	(135)	(21)	(119)
Net Cash Flows from Financing Activities	16	2	(49)	(79)	61

Net Sales

TL million



Despite the negative effects of the pandemic, domestic revenues increased by 74% and export revenues by 27% in 2020, while total turnover grew by 35% to reach TL 9.4 billion.

Gross Profit Margin

%



Gross profit margin increased from 12.7% to 19.2% thanks to the positive impact of lower raw material costs and exchange rate movements, cost savings, increased productivity and an improved sales mix.

EBITDA and EBITDA Margin

TL million

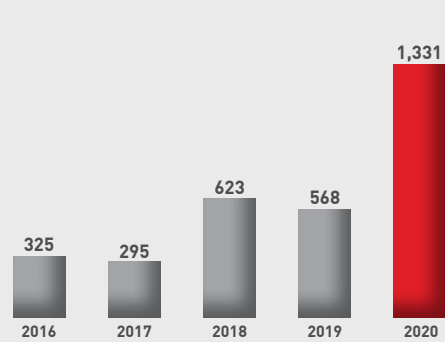


Having grown at a CAGR of 42% over the last 4 years, EBITDA reached an all-time high of TL 1.8 billion in 2020, with an EBITDA margin of 19.4%.

■ 2020 EBITDA ■ EBITDA ■ EBITDA Margin

Net Profit

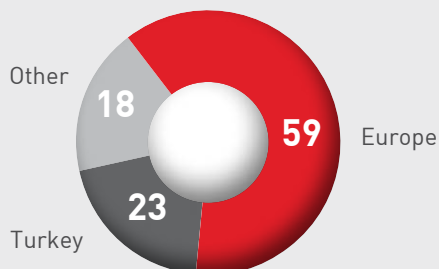
TL million



In parallel with the strong growth in operating profitability, net profit rose to TL 1.3 billion with a net profit margin of 14.1%.

Geographical Distribution of Revenues

%



Shareholding Structure and Vestel Beyaz Eşya Shares

Shareholding Structure

Shareholders	Nominal Value of Shares (TL)	Share in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ*	170,815,578	89.9
Other (Free Float)	19,184,422	10.1
Total	190,000,000	100.0

* "Vestel Elektronik" or "Vestel"

The issued capital of Vestel Beyaz Eşya stands at TL 190,000,000 which is divided into 190,000,000 bearer shares, each with a nominal value of TL 1.00.

Vestel Beyaz Eşya does not have any privileged shares.

Vestel Elektronik Sanayi ve Ticaret AŞ's share in Vestel Beyaz Eşya fell from 95.18% to 89.9% as a result of the share sale transactions carried out on Borsa İstanbul on June 29, 2020, September 3, 2020, and November 25, 2020, respectively.

Dividend Distribution

Vestel Beyaz Eşya has adopted the Dividend Distribution Policy of distributing at least 25% of its distributable income in the form of cash and/or bonus shares to its shareholders.

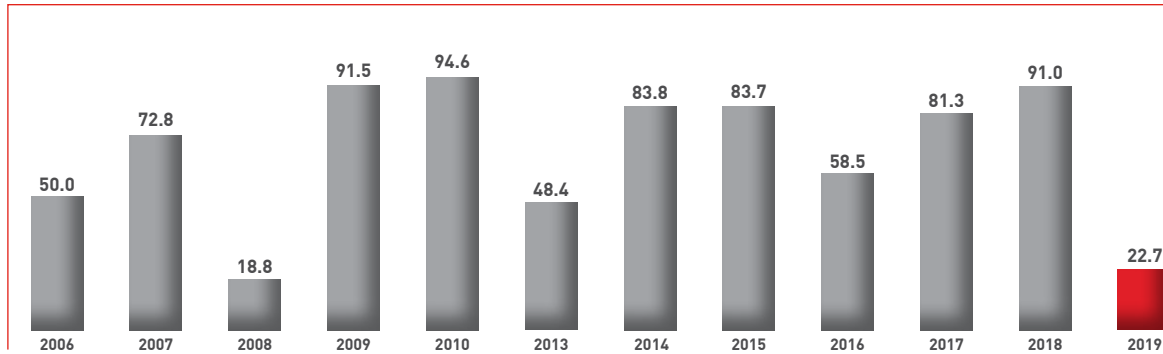
In 2020, 23% of the Company's distributable profit was paid out as cash dividends in consideration of the extraordinary global situation caused by the pandemic and the 25% cap on dividend distribution imposed by the law.

Year*	2006	2007	2008	2009	2010	2013	2014	2015	2016	2017	2018	2019
Issued Capital (TL)	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0
Net Distributable Profit (TL)	61.5	70.7	30.8	112.0	23.7	51.3	125.2	156.4	307.4	295.2	622.6	568.1
Cash Dividends (TL)	30.7	51.5	5.8	102.4	22.4	24.8	104.8	130.9	180.0	240.0	566.8	128.8
Dividend Payout Ratio	50.0	72.8	18.8	91.5	94.6	48.4	83.8	83.7	58.5	81.3	91.0	22.7
Gross Dividend per Share with a Nominal Value of TL 1 (TL)	0.1618	0.2711	0.0305	0.5390	0.1179	0.1306	0.5517	0.6888	0.9474	1.2632	2.9833	0.6777

* The corresponding year for the realization of the distributable profit

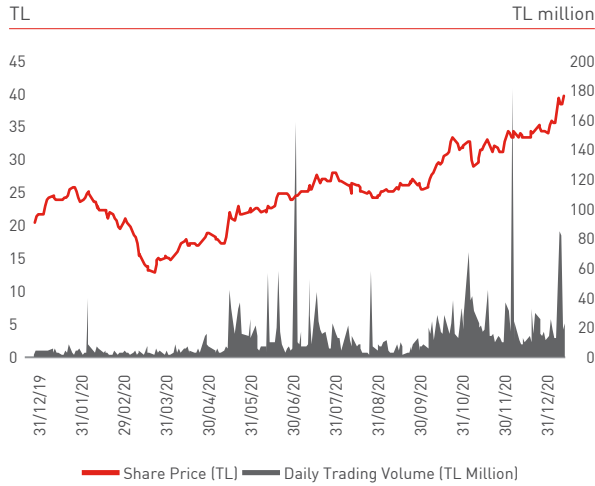
Dividend Payout Ratio

%

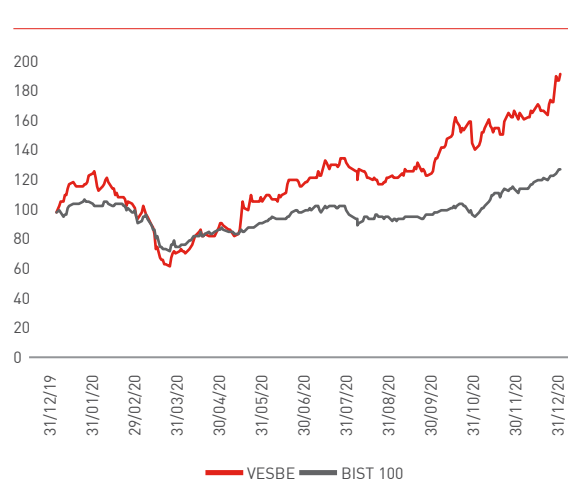


IN 2020, A YEAR OVERSHADOWED BY THE PANDEMIC, VESTEL BEYAZ EŞYA SHARES ROSE BY 94% IN LINE WITH THE COMPANY'S STRONG OPERATIONAL AND FINANCIAL PERFORMANCE, OUTPERFORMING THE BIST 100 INDEX BY 50%. IN THE SAME PERIOD, THE BIST 100 INDEX INCREASED BY 29%.

Share Price Performance



Relative Performance



The shares of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya" or the "Company") have been trading on Borsa İstanbul (BIST) under the VESBE ticker since 2006. As of the end of 2020, Vestel Beyaz Eşya, which is traded on the BIST MAIN MARKET - GROUP 1, was included in the BIST MAIN, BIST INDUSTRY, BIST METAL GOODS, MACHINERY, BIST DIVIDEND, BIST ALL-100 and BIST SUSTAINABILITY indices. With effect from 2021, Vestel Beyaz Eşya shares will be traded on the BIST STARS Market.

Vestel Beyaz Eşya was included in the BIST Sustainability Index, which consists of the shares of companies listed on Borsa İstanbul with a high corporate sustainability performance, on a voluntary basis for the first time in November 2016. After being listed in the index for the past four years, Vestel Beyaz Eşya was entitled for voluntary inclusion in the index for the period of December 2020 - October 2021 as well as a result of the evaluations conducted by Borsa İstanbul AŞ.

AS OF 31 DECEMBER, 2020, THE COMPANY'S MARKET VALUE STOOD AT TL 7,767 MILLION.

Summary Share Price Information for 2020

Number of Shares	190,000,000
Shares in Free Float*	19,184,422
Yearly High (TL)	40.88
Yearly Low (TL)	13.24
Year-End Closing Price (TL)	40.88
Market Capitalization* (TL Million)	7,767

*As of 31.12.2020

Vestel Beyaz Eşya and the COVID-19 Pandemic

Vestel Beyaz Eşya has attracted attention as an exemplary organization with the protection measures taken to curb the spread of COVID-19 and its effectiveness in the fight. Setting out an emergency action plan and crisis management map to combat the pandemic, Vestel Beyaz Eşya rapidly put in place precautions and practices as part of its efforts to overcome the virus.

The virus which broke out in Wuhan, the capital of China's Hubei Region in December 2019, spread rapidly around the world. The virus, which can be transmitted from person to person, was named SARS-COV2 (COVID-19), and as a result of the developments which followed, a pandemic was declared by the World Health Organization on March 11, 2020. While the declaration of the pandemic on a global scale brought lockdown measures, the rapid increase in the number of cases and patients succumbing to the disease in Turkey, as in most countries around the world, led to restrictions and strict measures being put in place and a relentless effort to target the pandemic got underway.

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pandemic, Vestel Beyaz Eşya rapidly put in place precautions and practices as part of its efforts to overcome the virus.

From January 2020, the Vestel Health Unit started to inform employees of the issue through e-mails and announcements. Vestel later drew up awareness-raising training programs and prepared announcement posters. Training programs were provided through portal publications, e-mails, digital screens and meetings. The Company constantly provided information in various media on basic requirements such as the importance of personal care and hygiene, increasing body immunity, avoiding crowded areas and maintaining social distancing. With the first cases being announced in Turkey, a range of measures and, accordingly, restrictions were put in place.

Vestel Beyaz Eşya has taken protective, preventive and improving measures at its factories and other facility areas and production

processes in order to protect its employees and their families, and constantly improves these measures. While hygiene and cleaning measures are maximized based on the principle of mask-distance-hygiene principle in all areas, many applications have been initiated to prevent close contact.

The COVID-19 Coordination Team has been established in order to ensure a healthy working environment throughout Zorlu Holding and Group companies during the pandemic. Likewise, sub-teams were established in companies and started activities. The control system has been set up with responsibility from the first supervisor to the highest supervisor.

Continuity is ensured by taking all the necessary measures within the framework of the Ministry of Health circulars and Pandemic Committee decisions in the factory, office and other facility areas.

S1 Plan (Awareness)	COVID-19 started to spread in the world
S2 Plan (Warning)	Suspected presence of COVID-19 in Turkey
S3 Plan (Serious)	Discovery of the first COVID-19 cases in a limited region in Turkey
S4 Plan (Severe)	Spread of the virus in Turkey and/or the detection of cases at Vestel
S5 Plan (Critical)	Rapid spread of the virus, cases seen in every corner of Turkey/widespread detection of cases at Vestel

In addition to the protective measures in the administrative units, pandemic related measures were taken such as remote working, restrictions on travel and holding all meetings through digital channels.

In order to ensure sustainability in customer service units and services, measures and practices such as distance learning, remote technical support and remote call center

services were put into practice, while the remote working model was adopted where possible.

Vestel, which started investing in a new Health Center to improve its capacity and facilities, aims to open the center in the first quarter of 2021.

Vestel Beyaz Eşya received the “TSE COVID-19 Safe Production Certificate” as a result of the COVID-19 measures,

practices and regulations which it implemented.

Vestel Beyaz Eşya also provided support and donations to healthcare institutions during the pandemic while strengthening its identity as a corporate citizen and increasing its social contribution with its initiatives in the field of public health.

Measures Taken in Vestel Beyaz Eşya Ecosystem in Sustainability and OHS Perspectives during the Pandemic

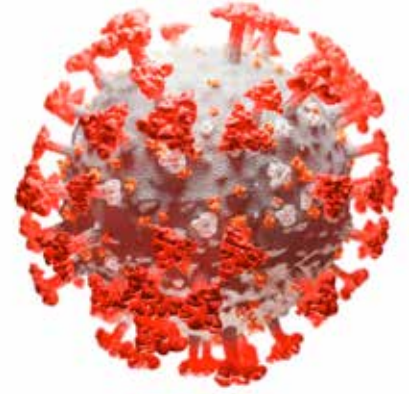
Practices for social distancing, preventing transmission of the virus and reducing contact

- Individual / collective visitor and subcontractor entrances to the facilities are restricted.
- The entry of truck drivers into the factory is restricted.
- Before all local and foreign visitors, subcontractors and suppliers enter the facility, an HES code query, symptom checks, fever measurement and, if necessary, health examinations are carried out. The approval of the deputy general manager is required for all visitor admissions and entries.
- An automatic temperature measurement and data recording system has been put into use at the entrances, production areas and the entrances to personnel buses. Thermal cameras were installed at 11 points where the movement of personnel was highest. Personnel displaying a fever are informed by automatic e-mail, quickly directed to the infirmary and placed in isolation.
- All employees, visitors and drivers in the facility are obliged to wear face masks. All field workers are provided with PPE including disposable masks, gloves where necessary, goggles where necessary and visors.
- Daily symptom checking app runs digitally via the Symptom tracker App (Android and iOS).
- Within the scope of social distancing regulations in public areas, three seat benches are converted into single seat benches.
- Additional shelters were installed in the rest areas, and shelter inspections were increased with Closed-Circuit Television (CCTV) equipment.
- The number of shift breaks was increased in the production units.
- Measures were taken to ensure social distancing in cafeterias and personnel shuttles and entrance and exit doors of the cafeteria were separated. Although not mandatory, personnel buses were operated at a limit of 50% passenger capacity.
- Sequential ordering was introduced in the dining hall and locker rooms.
- Occupancy is checked in the locker rooms.
- In order to keep the risk of transmission to a minimum, a screen application was introduced in the dining halls and offices.

Vestel Beyaz Eşya and the COVID-19 Pandemic

Practices to improve health, cleanliness and hygiene

- Sensor-based sanitizer dispensers have been installed on all security doors. Hand sanitizer is made contactless throughout the facility.
- Water dispensers have been made contactless. In addition, a packaged water service is provided in all departments.
- The Food Production Center was commissioned with food service provided in lunch boxes.
- Workplace physicians inform and direct employees regarding vitamin and mineral support which they may use according to their health status.
- Disinfection of factories, common areas, offices and high contact surfaces such as door handles and tables with special chemicals is carried out along with measurements and monitoring of the effectiveness of disinfecting with UV light and electronic devices.
- Station-based disinfection of the tools and equipment used by each employee is provided by the user.
- Additional air disinfection devices have been installed in common use areas such as the dining hall and changing room.
- UV lamps were installed in VRF and central ventilation systems, providing sterilization of circulating air.
- Fresh air is provided by keeping windows open.
- Encouraging sharing of support to quit smoking.



Implementations in the work environment to prevent transmission

- A flexible working system has been adopted in all departments where remote working is possible, such as Finance, Accounting and Call Center. In order to reduce the number of employees in the office by at least 50%, business arrangements and remote or alternating work plans are set out by the department directorates.
- As a result of the implementation of alternating and remote working models, pregnant employees, employees with disabilities and those with chronic illnesses who are identified as being in a high-risk group in evaluations conducted by the workplace physician are directed to work remotely or are considered for administrative leave.
- Arrangements were put in place for customer services and call center units to work remotely, with the exception of those required to be in the workplace.
- Many activities and events which require a collective presence, such as training, have been either postponed or restricted, and the use of digital channels for these activities has been encouraged. All visits and meetings are conducted online, except in compulsory cases.
- To ensure the continuity of the work, advanced measures were put in place to support the health and safety of employees continuing to work in the field, production facilities and the offices.
- International travel was suspended while domestic travel was contingent on the approval of the deputy general manager.
- Necessary equipment and medical support are provided to personnel who will go abroad when needed.

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Supervision-control, case-oriented applications

- Risk analysis is carried out in respect to COVID-19 and is constantly updated.
 - Contact tracing is performed quickly and effectively; necessary measures are taken to contain the risk of contamination, and cases are reported to the Provincial Pandemic Board.
 - A transfer waiting area for suspected cases was established in the facility.
 - Specially equipped vehicles have been allocated for referral to the hospital.
 - Continuous communication is maintained and coordinated efforts are made with the Provincial Pandemic Board.
 - The facilities are inspected by the Provincial Pandemic Board.
-

Pandemic related communication

- Activities aimed at raising awareness and educational activities are carried out regarding the pandemic and prevention methods, the measures to be taken and the steps to combat the pandemic. Developments regarding the pandemic are shared through open communication. Up-to-date information is shared through all written, visual and audio channels.
 - In the new normal, an Application Guide, which includes policies and approaches for a safe working environment, was prepared and shared with the employees.
 - Information is provided in all areas through written and visual posters.
 - All visitors, subcontractors and employees at Vestel facilities are informed of the rules to be followed within the factory site, with information screens positioned on factory security gates to provide instant information and raise awareness.
 - The Guide for Remote Working, which includes various tips to increase the efficiency of working from home, was shared with all the employees.
 - Employees have been provided with various informative training on COVID-19 through the Zorlu Academy.
 - A COVID communication-hotline has been made available for all employees.
 - SMS notifications regarding COVID-19 are provided every day.
 - The Vestel Health Monitoring smartphone application was put into operation.
 - Employees receiving treatment at home or in hospital are provided with a medical team who will check their condition by phone and maintain constant contact.
-

Vestel Beyaz Eşya and the COVID-19 Pandemic

“We’re Good Together” – Our Corporate Well-Being Program

Vestel has introduced its corporate Well-Being Program, “We Are Good Together”, to provide various healthy life supports for its employees during the pandemic. In this context, employees and family members

- could receive support by phone from the experts in the field of psychological counseling and healthy eating.
- can access various latest content on nutrition and health, personal development, parenting, good sleep, healthy relationships and sports through the www.zorludabirlikteiyiz.com website.

- can receive advice on endurance, anxiety management, wellness, sports, child psychology and personal development, as well as access psychologist and dietitian services through the mobile application “wellbees”.

Vestel Beyaz Eşya was awarded COVID-19 Safe Production Certificate by the Turkish Standards Institution (TSE)

Vestel Beyaz Eşya, which has prepared all the necessary action plans since the outbreak of the COVID-19 pandemic, was awarded the “TSE COVID-19 Safe Production Certificate” in recognition of the COVID-19 measures which it has taken and the practices and arrangements it has implemented.

Vestel Beyaz Eşya met all of the conditions set out in the “COVID-19 Hygiene, Infection Prevention and Control Guide” prepared by the Turkish Statistical Institute regarding personnel information and training, high-level hygiene measures, suitability of working and production areas, regulations in the dining halls, recreation areas, waste management, nurseries and services, and practices covering the health of all stakeholders taken as part of the COVID-19 measures since January.



Changing Consumer Behaviour and Vestel's Actions During the Pandemic

During the pandemic, Vestel once again proved to its suppliers, customers and consumers that it is a flexible, agile and adaptable company. Vestel has successfully managed this process thanks to its diversified supplier base, flexible production capability, extensive and effective sales and service channels and experience in e-commerce.

Responding strongly to the increasing shift to digital channels, Vestel has offered a flawless digital shopping experience with delivery in as little as 24 hours, a wide product diversity and service infrastructure, and has strengthened its bond with the consumers.

24-hour delivery - A first in the industry in online sales

Demonstrating that it is always by the side of its customers with a superior service understanding during the pandemic, Vestel has introduced a revolutionary service in the retail sector, by delivering products in all categories, which are purchased through its own website (vestel.com.tr), to all parts of Turkey within 24 hours.

Thanks to its wide dealer network spread throughout the country and its integrated retail system, which it has developed over the past decade, Vestel is able to deliver quickly and smoothly to all parts of Turkey within the space of just 24 hours. A first among retailers which sell large-volume products, this practice has been a feature which has set Vestel apart from its competitors during the pandemic.

Vestel has a solution

Vestel Customer Services offers customers the opportunity to solve any problems they may encounter with their products without the need for authorized service support through the cozumuvan.vestel.com.tr website, which includes video-based solutions. This implementation was launched to protect the health of both employees and customers. In addition, customers may submit malfunction and assembly requests through the portal and contact the service staff. In addition, Vestel extended the warranty periods for products, which were to expire between March and May, for a period of three months, free of charge.

Consumer Behaviour	Vestel's Solution
	Increasing the variety of products offered for sale through vestel.com.tr , regal-tr.com and vsoutlet.com.tr
Shift to online shopping	In addition to own online sales channels, opening of stores in Turkey's leading online marketplaces 24-hour delivery service and hygienic delivery to all parts of Turkey in online sales
Orientation to digital channels in customer services	Call Center providing 24/7 service Visual service support via cozumuvan.vestel.com.tr
The increased importance of healthy food consumption and the need for hygiene during the pandemic	Products with Daylight Technology which eliminate viruses and provide extra hygiene The new generation MAYA refrigerator which provides all the necessary conditions for healthy yeast food preparation
Increasing demand for white goods and electrical appliances with more time spent at home and in the kitchen	Larger volume refrigerators and freezers, higher capacity washing machines and tumble dryers, multi-functional ovens

Vestel Beyaz Eşya and the COVID-19 Pandemic

Improved hygiene with Vestel Daylight Technology

While Vestel Beyaz Eşya continues to bring ease to the lives of consumers with the technologies it develops, it also responds to the increased demand for greater hygiene due to the pandemic with its washing machines, refrigerators, dishwashers and air conditioning units which use Daylight Technology, inspired by the cleansing nature of sunlight.

It is verified by scientists that clean air fed by sunlight is a natural protector, and while sunlight feeds our lives, it also protects us from harmful bacteria by improving the air quality at the points it reaches.

The Daylight Technology developed by Vestel Beyaz Eşya preserves all kinds of food for longer, in a fresher and natural way, by cleaning the air in the refrigerator and improving the quality of the air which the food comes into contact with.

The Dishwasher with Daylight Technology provides additional hygiene to dishes with the natural light it emits.

Vestel Beyaz Eşya responds to the increased demand for greater hygiene due to the pandemic with its washing machines, refrigerators, dishwashers and air conditioning units which use Daylight Technology, inspired by the cleansing nature of sunlight.

The washing machine, which has four different programs - Daylight, Quick Daylight, Dry Daylight and Baby Clothes - provides extra hygienic washing by shining special light on the clothing and allows to sterilize a load of wash without using water. With the 'Dry Daylight' program, which ensures that every surface is exposed to daylight through special drum movements, frequently touched objects, such as shoes, banknotes, credit cards, wallets, as well as laundry, can be easily sterilized without the need for washing in the space of 29 minutes, solely by using special light.

With Daylight Technology, extra hygiene can be achieved without the use of additional chemicals thanks to the special light applied to the laundry from the chamber placed in the washing machine door. The washing machine with Vestel Daylight Technology also stands out as an environmentally friendly product requiring less detergent, using less energy and saving water.

The inverter air conditioning unit using Vestel Daylight Technology offers clean ambient air with its beam technology and multi-stage filtration system. Daylight Technology both



improves the quality of air in the indoor environment and ensures that the indoor heat exchanger surface remains clean.

Healthy living with the Vestel MAYA Refrigerator

During the pandemic, the consumption of healthy food and the importance of home cooking have grown. With its new generation MAYA Refrigerator, Vestel Beyaz Eşya meets the expectations of consumers wanting to prepare healthy fermented food at home.

The MAYA Refrigerator, which allows easy production and storage of 7 different food types which require fermentation, such as dough, yoghurt, kefir, vinegar and pickles, all with automatically adjusted temperature and duration functions, meets consumers' demand for healthy living.

With its Maximum Freshness Technology in addition to Yeast Technology, the Vestel MAYA Refrigerator allows the gases generated by the respiration of fruit and vegetables to be removed from the environment, so that food can be stored for a longer period of time without losing its nutritional value. Active Ion Technology releases negatively charged ions into the cabinet to neutralize positively charged bad odour molecules and increase air quality.

At the same time, the large volume MAYA Refrigerator with the "PUZZLE"

VESTEL MAYA İLE MUTFAKTA ŞOV YAPMAYA

Fermantasyon Teknolojisi ile Maya Buzdolabı
Türkiye'de ilk kez ve sadece Vestel'de.



During the pandemic, the consumption of healthy food and the importance of home cooking have grown. With its new generation MAYA Refrigerator, Vestel Beyaz Eşya meets the expectations of consumers wanting to prepare healthy fermented food at home.

Vestel Beyaz Eşya and the COVID-19 Pandemic

feature can be used in 19 different modes with its multi-functional smart compartments. The yeast compartment can be used as a freezer or cooler at any time, while the function of other compartments can be adjusted according to consumer preferences. In addition, the MAYA Refrigerator also allows energy savings by turning off the special compartments when not in use.

A Strong Social Contribution from Vestel throughout the Pandemic

Support for health institutions and healthcare professionals

Taking its social contribution and community health initiatives to a whole new dimension during the pandemic, Vestel Beyaz Eşya has contributed to Turkey's efforts to tackle the virus by standing shoulder to shoulder with the health organizations and healthcare workers.

As part of its work to support hospitals with its products in order to bring ease to the lives of altruistic healthcare workers, Vestel donated household appliances such as air conditioners, washing machines, dishwashers and dryers, as well as packages consisting of small household appliances such as coffee and tea makers and toasters along with vaccine cabinets to health institutions at more than 200 points in Turkey, mainly in Istanbul, Ankara, Izmir, Manisa, Bursa and Antalya. As part of its efforts to meet health

institutions' need for devices, Vestel donated automatic temperature scanners to MOSTEM and Celal Bayar University, biological sampling and intubation cabinets to the Manisa City Hospital and other regional hospitals, and transparent screens to COVID polyclinics.

Vestel also provided support with surgical masks to areas affected by the earthquake in Izmir, which suffered from an earthquake disaster in the midst of this difficult period.

Video call support for over-65s in a key initiative from authorized service providers

While continuing their services on one hand, Vestel authorized service providers have also taken maximum measures to protect the health of both customers and their own staff. Vestel authorized service personnel, who provide services by maintaining social distancing as well as wearing PPE, initiated an initiative for the over-65s during the pandemic. Elderly individuals who have been cut off from their children, grandchildren and relatives, being unable to meet for a long time due to social isolation but who do not have the opportunity to carry out video calls or do not know how to use this feature, were given a chance to meet those they miss thanks to the support of the service personnel. Under the initiative, Vestel-authorized service personnel conduct video calls from their own phone at the request of over-65s, helping bring

people together. In addition, Vestel Customer Services ask customers over the age of 65 about their needs by calling them before going to their homes, also bringing food supplies which the customers may need.

Free 24/7 technical support for healthcare professionals

With the application initiated by Vestel, all workers in the healthcare sector such as doctors, nurses, pharmacists, carers and service attendants who are at the forefront of the fight against COVID-19, may call out Vestel service agents 24 hours a day, 7 days a week, free of charge. Healthcare workers are entitled to technical support and servicing free of charge, including for products outside the scope of warranty, by calling their own dedicated line at 0850 393 56 66.

Support for children undergoing cancer treatment from Vestel

Vestel has ensured the continued treatment of children suffering from worsened health problems due to the threat of COVID-19 and whose treatment is followed by the Cancer Stay Away from My Child Association (KAÇOD), by taking on the expenses incurred during the treatment processes and which require special support.

At the same time, Vestel donated 5% of the amount paid by consumers in online purchases in the campaigns which it has organized, to KAÇOD.

Taking its social contribution and community health initiatives to a whole new dimension during the pandemic, Vestel Beyaz Eşya has contributed to Turkey's efforts to tackle the virus by standing shoulder to shoulder with the health organizations and healthcare workers.

In another example of its social responsibility efforts, Vestel introduced its Mask Conversion Unit, which is designed by Vestel to help prevent the spread of COVID-19 and the danger emitted by used masks.

With the 'Mask Conversion Unit', used masks are transformed into WeWALK.

In another example of its social responsibility efforts to protect public health and create social awareness during the pandemic, Vestel introduced its Mask Conversion Unit, which is designed by Vestel to help prevent the spread of COVID-19 and the danger emitted by used masks.

In the application, which started out with the motto "Protect yourself, protect your surroundings, protect everyone", masks collected in the Mask Conversion Unit located in Vestel stores are turned into donations for WeWALK smart walking sticks, which facilitate the lives of visually impaired individuals through the "What's on the Rack?" (Askıda Ne Var?) Platform.

We also support our furry friends

Vestel also considers stray animals which have struggled to find food on the streets during the pandemic, and leaves food for birds, cats and dogs at designated points. Vestel authorized service providers, which provide food to the shelters, also build kennels for dogs.

KENDİNİ ÇEVREYİ HERKESİ KORU!

Kullanılmış maskeni Vestel Mağazalarındaki maske dönüşüm ünitesine atarak hem salgının yayılımını önlemeye yardımcı ol hem de görme engelliler için Askıya WeWALK akıllı baston bırak!



Other Highlights of 2020



Acquisition of the British White Knight and Hostess brands

Vestel Ticaret AŞ, a wholly-owned subsidiary of Vestel Elektronik, took over the names, production and intellectual property rights, domain names, and sales rights and authorizations of Crosslee PLC's White Knight and Hostess trademarks, one of the major players in the UK white goods market, in October 2020. While the registration transfers of trademarks in the EU have been completed registration processes in some non-EU countries are ongoing.

With this acquisition, Vestel is expected to further strengthen its position in the UK market.

'Vestel Ekspres' brings the convenience of online shopping to the retail outlet

Continuing its innovations in the retail sector, Vestel appeals to a new generation of consumers with the "Vestel Ekspres", a small store concept where a digital display application is implemented and majority of sales are carried out over digital screens. The Vestel Ekspres concept, which promises

a new shopping experience to the consumer and is planned to be rolled out to busy streets throughout Turkey, offers customers the opportunity to instantly find and quickly compare the product they want to buy while saving time with the same-day delivery option. Combining online purchasing experience with physical retail in its new concept, Vestel plans to develop special digital applications suitable for the new generation retail and introduce these to consumers at its Ekspres stores.

Vestel Beyaz Eşya continues to develop collaboration between industry and academia

Vestel Beyaz Eşya, which continues to develop R&D projects in cooperation with the universities in the Aegean Region, following its collaborations with Uşak University and Muğla Sıtkı Koçman University, signed a cooperation protocol with the Afyon Kocatepe University in 2020 to support the professional development of students and create new product and technology development platforms.

With these collaborations, Vestel Beyaz Eşya aims to develop projects to increase the use of domestic resources with the help

of the academic knowledge of the universities.

Within the scope of these collaborations, Vestel Beyaz Eşya's R&D managers convey Vestel's global achievements in the fields of technology, innovation, digital transformation and Industry 4.0 to university students, while R&D engineers and academic members of the universities come together to organize workshops on the localization of imported products.

The continuity of the process was ensured during the pandemic by transferring the connections established with universities from the physical environment to digital platforms in 2020. Evaluation meetings of ongoing projects continued to be held online at certain intervals. In addition, Vestel Beyaz Eşya conducted live broadcasts with the academics from the universities which it collaborates with, discussing current issues.



A wide range of smart and environmentally friendly products introduced to customers in 2020

Vestel Beyaz Eşya developed the following products and technologies in 2020 and brought them to the market.

- 60 cm wide top freezer refrigerator with NF MultiCooling technology,
- 60 cm wide and 155 cm high single door freezer and cooler product range with NF and Static Cooling technologies,
- 60 cm wide combi refrigerator with NF MultiCooling technology,
- 60 cm wide, top freezer refrigerator using LessFrost cooling technology,
- 70 cm wide, top freezer refrigerator using LessFrost cooling technology,
- 4-door refrigerator with FermentStore technology that allows 7 different products to be fermented,
- Single door refrigerator with 54 cm width and 145 cm height with Static Cooling technology,
- Smart refrigerator with remote access door display,

- Extra energy-efficient washing machine and washer dryer product range, in accordance with the new Labelling and Ecodesign Directives which came into force in Europe in 2020,
- Washing machines with low depth BLDC motor technology with washing load capacities of 6 kg, 7 kg, and 8 kg,
- Smart washer and washer-dryer with remote access as part of the T Series product range,
- 1600 spin low depth washing machine with 8 kg load capacity,
- 1400 spin washing machine with 12 kg load capacity, combining high speed with high capacity,
- Washing machine range offering 8 kg, 9 kg and 10 kg load capacities using Daylight technology which removes 99.99% of bacteria,
- Washing machine product family with superior steam technology which ensures extra hygiene and removes creases, offering 6 kg, 7 kg, 8 kg, 9 kg and 10 kg load capacities,
- Intellicare washing machine with one-touch washing, touch

screen, remote access feature and automatic dosage system,

- 24-inch dishwashers with BLDC washing technology developed for the North American market and which meet the requirements of this market,
- 45 cm "slim" type dishwashers with Asynchronous and BLDC washing technology developed for the North American market and which meet the requirements of this market,
- Dishwashers that can perform more hygienic washing with UV-C technology in addition to the Ion technology which prevents the formation of bad odours,
- A-series remote access smart dishwashers,
- The new I-series built-in dishwasher product family,
- New square metal filters in 45 cm dishwashers,
- User information light technology, shining informative light on kitchen floors in 45 cm built-in dishwashers (Infoled 2.1),
- "Machine Cleaning Program" (Self Clean), used for machine cleaning in dishwashers at certain periods,
- 100x60 cm Range Cooker product range, offering a solution to crowded families with three different cooking volumes, one drawer and seven different hotplates,
- 60 cm and 78 cm V-Flex induction cooktops providing independent control in each area (8 different areas),
- Built-in ovens with new controls in new trend slim designs,
- Freestanding double ovens with a modern and stylish design with 50 cm and 60 cm widths,
- Built-in oven product range which integrates the Innit smart

Other Highlights of 2020

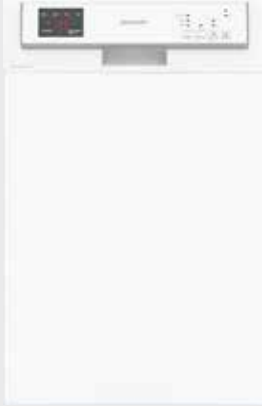
kitchen application, providing the best cooking experience at a professional level and guaranteeing great cooking results, providing control of all food preparation and cooking processes,

- 24-inch built-in ovens suitable for the US market, meeting the requirements of this market,
- Built-in oven product range with an expanded remote access feature,
- Extending the use of pyrolytic products in the upper segment oven controls,
- Entry level and mid-segment built-in ovens with steam support developed for baking pastries with more crispy results using steam,
- Inverter air conditioner with UV-C (Daylight) technology,
- UV-C Kit Solution Package for air conditioning units,
- Remote access adaptation in all Inverter air conditioning models,
- R32 environmental Inverter air conditioner product range,
- Multi Inverter air conditioners,
- On-off air conditioner series produced for the Egyptian market,
- Inverter air conditioners produced for the Egyptian market,
- On-Off air conditioner product family developed for the Middle East, North Africa and CIS markets,
- A +++ energy class tumble dryer product range with 7-8-9 kg capacities using Inverter motor technology,
- T series tumble dryer product range, which stands out with its stylish and user-friendly style,
- The most hygienic heat pump tumble dryer with ION + Ozone technology,
- Condenser tumble dryer with 10 kg drying capacity,
- Heat pump tumble dryer with 10 kg drying capacity,
- Heat pump tumble dryer with the fastest short program, at just 20 minutes,
- Tumble dryers using Pearl Odour technology which leaves laundry smelling fragrant while drying.

Vestel Beyaz Eşya developed the following products and technologies to be brought to the market in 2021:

- Adaptation of the UV-C lamp to built-in ovens, which enables the oven to be used as a sterilization cabinet when not cooking,
- New metal and glass built-in cooker product range,
- The world's first A +++ compact built-in oven,
- The world's first built-in oven capable of traditional Sous-Vide cooking with the integration of a special independent heater,





- Combining a microwave and traditional oven in one product, with the microwave support in the compact built-in oven,
- Android-supported fully touch operated oven control with Smart TFT Touch Control,
- Heat pump tumble dryers which provide additional hygiene with UV-C technology,
- Washing machine with 4.0 cubic feet condenser suitable for the US market,
- Tumble dryers with remote access in the T Series product family,
- The new low-depth, large drum diameter washer and washer-dryer product range,
- Built-in washing machines with 7 kg and 8 kg load capacities with Universal and BLDC motor alternatives,
- A project for the development of washing machines with 1.95 cubic feet and 2.2 cubic feet capacities for the North American market,
- The HydroBoost washing machine, which washes 10 kg of laundry in a

record 159 minutes by spraying a mixture of water and detergent from 20 different points,

- Easy Bill (Smart Billing) air conditioner,
- Bottom controlled water heater,
- New square water heater project,
- The most hygienic heat pump tumble dryer using Active Ion technology, effective on bacteria and viruses.

Top marks from testing institutions for the Sharp branded dishwashers, washing machines and tumble dryers manufactured by Vestel Beyaz Eşya

Dishwashers, washing machines and tumble dryers developed under the Sharp brand, a licensed brand of Vestel, received the highest scores in the tests conducted by Haus & Garten Test, one of Germany's most prestigious testing institutes, and testberichte.de, on performance, safety, ease of use and energy consumption.

The Sharp branded tumble dryer of the A +++ energy class with inverter motor technology and high energy efficiency

received the 'Sehr Gut / Very Good' Certificate with a score of 1.3 points in Haus & Garten's evaluation to rank first among 763 tumble dryers on the testberichte.de website.

Among other tested Vestel products, the Sharp branded washing machine and dishwasher attained the highest scores for both functionality and performance, and ranked first among four different products, surpassing their world-renowned competitors.

At the same time, the Sharp branded dishwasher received full marks from the Home Appliances World Magazine, one of the most established and prestigious magazines covering household appliances in the world, in recognition of its features such as hygienic washing performance, design, high energy and water saving and low noise level, as well as the convenience it provides to the end user.

Vestel Beyaz Eşya wins eight awards at international design competitions

Vestel Beyaz Eşya continued to advance its strength in design in 2020, and once again proved its success in this area with a number of awards in

Other Highlights of 2020



international competitions which it participated in during the year.

Vestel Beyaz Eşya received a total of eight awards in the international design competitions which it participated in during 2020, increasing the number of awards it has received in the field of design to 258.

Vestel Beyaz Eşya received awards for its 3 products at the Red Dot Design Award 2020, the most prestigious of international design competitions, to become the company to win the highest number awards in the Red Dot Design Award competition in our country in 2020.

Red Dot Design Award - Design Awards

- DUO Built-in Oven with Hot Air Shield Technology
- T30 Tumble Dryer with 3D Rack and Pearl Odour Technology
- Frenchdoor Refrigerator with FermentStore and Vacuum Technology

Vestel Beyaz Eşya also competed with 5 designs in the Good Design 2020, which is the world's oldest design competition dating back 70 years, organized by the Chicago Athenaeum Architecture and Design Museum, and each design was awarded in its own category.

Good Design 2020 - Design Awards

The Sharp branded 2K20 series refrigerators, built-in ovens, washing machines, dishwashers and tumble dryers.

"Most Creative Volunteering Project" Award to Vestel Beyaz Eşya

Vestel Beyaz Eşya received the "Most Creative Volunteerism Project" Award with the "Overcoming Obstacles with Vestel / Walker Project" in the 2020 "Heartfelt Awards" Award Ceremony. The Awards are presented to honour successful programs and projects by the Private Sector Volunteers Association to promote employee volunteering projects in Turkey. At the same time, the Company's promotional film of the project was chosen as the "Best Project Film".

Istanbul Chamber of Industry Energy Efficiency Awards

Vestel Beyaz Eşya received the third prize in the "Large-Scale Enterprise Energy Efficient Product" category in the Energy Efficiency Awards, which have been presented by the Istanbul Chamber of Industry since 2016, with its New Generation Panel Condenser EKONF Refrigerator Project carried out at the Refrigerator Factory where the Company achieved energy savings of up to 15%, annual greenhouse gas reduction of 10,385 tonnes/year and raw material savings of 830 tonnes/year, according to the results for 2019 which were announced in January 2020.



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CONNECTED HOME

Chairman's Message



During this difficult pandemic process, Vestel Beyaz Eşya rapidly implemented practices which center on employee and community health, and contributed to ensuring sustainability in production and employment.

The pandemic disrupted the recovery in the global economy.

Beyond the global health crisis, the pandemic, which became a part of our lives in 2020, has dominated the agenda with its macroeconomic impact. As the restrictive measures taken to curb the spread of the virus throughout the world have taken their toll on global economic activity, production and trade volumes have plunged, with a contraction on both the supply and demand fronts.

In order to mitigate the effects of the pandemic on the economy, many countries have introduced large-scale financial measures and support packages, while central banks have turned to expansionary monetary policies.

The US Federal Reserve (Fed) gradually lowered its policy rate from a 1.50-1.75% band at the end of 2019 to 0-0.25%, and aimed to meet the short-term liquidity needs by implementing Treasury and private sector bond purchases. The European Central Bank (ECB) maintained its deposit interest rate steady at -0.5%, while ramping up its asset purchases and long-term re-financing operations to support liquidity. Likewise, the Bank of England (BoE) and Bank of Japan (BoJ) also stepped up their asset purchases.

Although expansionary policies have created an abundance of liquidity in the markets, there have been significant increases in capital outflows from developing countries and a rise in country risk premiums in parallel with the decline in global risk appetite.

While protectionist trade policies which remained in place throughout 2020 exacerbated the contraction in global trade, customs duties remained at high levels despite the phase one trade agreement signed between the United States and China at the beginning of the year, with

the trade war continuing. At the end of the year, the signing of an agreement between the EU and the UK to regulate post-Brexit trade was a positive development which eliminated uncertainty on this issue. While the impact of geopolitical developments on economic activity on a global scale has also come under the spotlight, the developments in the US presidential election and their aftermath in the last quarter of the year have resonated on the world political scene.

In 2020, a year when the world's leading economies, indeed almost all economies, recorded a sharp contraction, especially in the second quarter, European countries suffered the deepest economic damage, while China was the only major economy to end the year without a contraction, having brought the pandemic under control in the summer.

In its January 2021 World Economic Outlook report, the IMF predicted that the global economy would contract by 3.5% in 2020, having predicted a 4.4% contraction in its previous report, due to a stronger-than-expected recovery in the second half of the year. It also revised its growth forecast for the global economy for 2021 from 5.2% to 5.5%.

The prevalence and success of the vaccine rollout will play a key role in setting the course of the global economy in 2021. However, the uncertainty surrounding the efforts to bring the pandemic under control due to new variants of the virus had a downward impact on short- and medium-term forecasts.

The Turkish economy displays strong resilience in the face of the pandemic.

After its balancing process, the Turkish economy, which had begun to build back growth momentum, grew by 4.5% in the first quarter of 2020. However, this was followed by a sharp contraction of 9.9% in the second quarter due to the pressure from lockdown measures implemented to tackle the pandemic. In the third quarter, domestic demand surged with the help of financial support and measures implemented and the economy recorded a V-shaped recovery, with growth in the third quarter reaching 6.7% year-on-year. Thus, the Turkish economy grew by 0.5% in the first 9 months of the year, while the New Economic Program projected a 0.3% growth for the full-year 2020.

The current account balance, which yielded a surplus in 2019, posted a deficit in 2020 due to the impact of the foreign trade deficit, which had widened on the back of a decline in exports due to global contraction and increased gold imports, as well as the losses experienced in the tourism sector owing to the pandemic. The need for external financing increased due to deterioration in the current account balance, with weakness in foreign capital flows piling pressure on the foreign exchange reserves and exchange rates.

Inflation, which had remained at moderate levels due to weak demand conditions in the first half of the year, edged higher with increasing volatility in financial markets and exchange rates and revival in domestic demand along with normalization in the second half of the year, and annual CPI inflation ended the year at 14.6%.

In June 2020, the CBRT ceased the interest rate cuts which had continued for about a year and implemented a tight monetary policy along with simplification steps from September and raised the policy interest rate from

Chairman's Message

8.25% to 17% by the end of the year. The CBRT is expected to maintain its tight stance for the most of 2021.

The Turkish Lira began to gain ground against foreign currencies when the Central Bank abandoned the multi-interest rate system and increased the policy interest rate. In parallel with this, Turkey's 5-year CDS premium fell to below 350 basis points in December from the 650 basis points reached in April.

Vestel Beyaz Eşya successfully passed an important test.

During this difficult pandemic process, Vestel Beyaz Eşya rapidly implemented practices which center on employee and community health, and contributed to ensuring sustainability in production and employment.

Vestel Beyaz Eşya set an example with the protective and preventive measures which it put in place in its factories and other areas, as well as in its production processes in order to protect its employees and their families and its efforts were recognized with the award of a TSE Safe Production Certificate. Combining its capabilities from being a powerful technology company with an agile and effective management approach, Vestel Beyaz Eşya continued its activities without interruption, with the exception of a one week halt at the beginning of the pandemic.

Taking on a key responsibility in supporting the nationwide fight against the virus, Vestel Beyaz Eşya donated products to health institutions in many parts of the country in order to support the heroes of the hour, our healthcare workers, while also providing support with the temperature measurement, sampling and intubation cabinets, which it has developed. In addition, production of the ventilator manufactured by Vestel Beyaz Eşya is planned to start in 2021.

Sweeping measures and restrictions, as well as the shock and uncertainty caused by a sudden change in people's lifestyles negatively affected sales in domestic and export markets, especially in the second quarter of the year. However, this was followed by a rapid recovery in the second half of the year driven by pent-up demand, increased use of white goods as people spend more time at home and consumers' growing need for hygiene. Vestel Beyaz Eşya strongly benefited from this trend, which compensated for the losses made in the second quarter in export markets, and the Company successfully maintained its export volumes on a year-on-year basis. A similar trend was observed in the domestic market thanks to relatively less restrictive measures, the low interest rate environment in the normalization process which started in June and the record increase in housing sales, which triggered deferred demand and the low base effect from 2019 and Vestel Beyaz Eşya managed to increase its market share by significantly outperforming the market.

During this difficult period, as we responded to the expectations of consumers in the domestic market, we sought to remind them that we are always with them. Thanks to Vestel's integrated retailing system, we have strengthened our connection with consumers through actions such as video service support, priority service for consumers over the age of 65 and privileged services for healthcare workers, as well as 24-hour delivery service in hygienic conditions throughout Turkey in online sales, in what is a "first" in the sector.

We have once again demonstrated our vision and superiority in R&D and innovation, which is our strongest suit, with our new products which meet the demand for hygiene and health-oriented products, which has grown during the pandemic. Refrigerators,

washing machines, dishwashers and air conditioners using the Daylight Technology, which we have developed, respond in the best way to consumers' demand for a safer, sterile and hygienic life. In the coming period, we will introduce more advanced products using UV-C technology to meet the growing demand for hygienic products.

As a manufacturing and technology giant which exports to 157 countries, we maintain our global cooperation while expanding our number of export destinations with the determination to further consolidate our global presence. The white goods we produce under the brand licensing agreement with Sharp play an important role in increasing our market share in Europe while standing out from competing products with the ratings they receive from the independent testing institutes in Europe. In the last quarter of 2020, Vestel Ticaret's acquisition of the White Knight and Hostess trademarks held by Crosslee Plc, one of the key players in the UK white goods market, was a development which increased our claim in Europe, and the UK market in particular.

As one of the first companies to invest in Turkey's digital transformation, Vestel Beyaz Eşya maintains its leadership in this regard. In this vein, about 90% of the Industry 4.0 transformation has been completed at Vestel City, and all processes from the entry of raw materials to the delivery of products can be monitored digitally from end to end with intelligent recognition systems. With the completion of this transformation, Vestel City will become a fully automated smart production complex. The pandemic process has clearly demonstrated the importance of this transformation in the name of business continuity.

Vestel Beyaz Eşya has been strengthened by this process, which confirms the astuteness of the Company's future roadmap formed on the foundations of R&D, technology, innovation and value-added production.

Sustainability is at the heart of our business model.

We are heading towards a process where stakeholder-based, social-benefit-oriented approaches are coming to the forefront around the world, where all work is shaped around a focus on sustainability. As a reflection of these efforts, investing in employees, the environment and society is becoming an integral part of business for leading companies.

In line with the Smart Life 2030, we strive to develop an innovative perspective which will be a part of our corporate culture as we move towards achieving our goals for a sustainable future in this dynamic environment, where the great transformation being experienced globally is shaping the future and affecting our business.

We minimize the environmental impact of our production processes with innovative solutions supported by technology. We develop smart products which keep hope for the future alive. We also introduce innovative products which have features such as providing additional hygiene and sterilization and creating fermentation conditions, in addition to our products which are highly advanced with their energy efficiency and water saving characteristics. In developing our projects, we internalize a 360-degree

understanding of sustainability where we think about our entire world.

Within the framework of gender equality, we carry out our Women Technicians Project, while with our social awareness, we strive to provide greater space in business life to those with disabilities. We ensure that our products can be easily used by people with disabilities with the designs and arrangements we develop within the scope of our Accessibility Project.

We continue to transform the benevolence which runs in the DNA of the Zorlu Group into a structure where our employees can draw up their own volunteering projects and create collaborations and partnerships with our stakeholders with the Sparks movement, our corporate volunteering program which we launched within the scope of Smart Life 2030.

We always emphasize that we are on the side of our furry friends. Our Walker Project, which attracted a clutch of high-profile international awards last year, received the "Most Creative Volunteering Project" Award in 2020 in the "Heartfelt Awards" event organized by the Private Sector Volunteers Association. During the pandemic, we have continued to take measures to ensure our furry friends are not left hungry or thirsty.

Continuing to look to the future with hope...

During the pandemic, while remaining mindful of the importance of managing non-financial risks as well as financial risks, we also recognized the power of digitalization and sustainability in managing risks. We have once again seen that technology and innovation, one of the most important leverages in Smart Life 2030, represent a force that can create a multiplier effect.

Vestel Beyaz Eşya has been strengthened by this process, which confirms the astuteness of the Company's future roadmap formed on the foundations of R&D, technology, innovation and value-added production.

Whatever the circumstances, as long as we have dreams, we will exist to produce more value for our world, our country and our stakeholders.

I express my sincere gratitude to all our stakeholders who share our hopes for a better future.

Respectfully,



Ahmet Nazif ZORLU
Chairman of the Board of Directors

Board of Directors

The Board of Directors manages and represents the company. In addition to this main task, the Board of Directors is also responsible to the company's stakeholders (customers, employees, suppliers and other stakeholders).

The following are the non-transferable and inalienable duties and powers of the Board of Directors:

- Managing the company at a high level and, including the issue of instructions,
 - Determining the management organization of the company,
 - Establishing the necessary order for financial planning to the extent required by accounting, financial audit and management of the company,
 - Appointment and dismissal of managers and persons serving the same purpose and who hold the authority to sign,
 - Higher supervision of whether the persons responsible for management act in accordance with the laws, articles of association, internal guidelines and written instructions of the Board of Directors,
 - Keeping the books of shares, the Board of Directors' resolutions and minutes of the general assembly meetings, preparation of the annual report and the corporate governance report and submission to the General Assembly, organization of the General Shareholders' Meetings and execution of the General Assembly decisions,
 - Taking the measures stipulated in the Article 376 of the Turkish Commercial Code in case of loss of capital or insolvency.
- In this context, the responsibilities of the Board of Directors are as follows:
- To act cautiously in line with duty of care and supervision,
 - To determine the company's short- and long-term goals,
 - To examine the strategies which will be implemented to achieve the company's goals, to contribute to their development and to ensure their implementation,
 - To examine the strategic and financial performance of the company and to take measures for improvement,
 - To select the general manager, evaluate him/her in accordance with certain performance criteria and to determine his/her remuneration,
 - To ensure the administrative and financial audit of the company,
 - To ensure that the Board of Directors has the structure and function required to ensure the effective and efficient operation of the sub-committees of the Board of Directors and senior managers, and to determine their performance criteria,
 - To determine the communication and relationship approach taken by the company in communicating with the stakeholders and external authorities,
 - To determine and implement business ethics rules for the company and its employees,
 - To ensure that the company's internal and external activities and actions comply with the relevant legislation.

The Board of Directors is authorized to take decisions on all kinds of work and transactions as required to perform the company's business activities, except those to be taken by the General Assembly in accordance with the law and the Articles of Association.

The Board of Directors manages and represents the company. In addition to this main task, the Board of Directors is also responsible to the company's stakeholders (customers, employees, suppliers and other stakeholders).



Board of Directors



Ahmet Nazif Zorlu
Chairman

[1944 - Denizli] Ahmet Nazif Zorlu began his professional career in a family-owned textiles business in Denizli, Babadağ. In 1970, Mr. Zorlu moved the company's headquarters to İstanbul and laid the foundations of Zorlu Holding together with his brother, Zeki Zorlu. Ahmet Zorlu set up his first company, Korteks, in 1976 and gathered all the companies under the roof of Zorlu Holding in 1990. Acquiring Vestel in 1994, Ahmet Zorlu opened the door to new lines of business for Zorlu Holding. Ahmet Zorlu's entrepreneurial spirit, which began in the textile industry, went on to manifest itself in more companies operating in a wide range of industries, such as consumer electronics, household appliances, energy, property development, metallurgy and defence. Ahmet Zorlu serves as the Chairman or Deputy Chairman of the Board in numerous Zorlu Group companies operating in different industries, including Vestel Beyaz Eşya and Vestel Elektronik.

With a keen interest in non-governmental organizations, Ahmet Zorlu sits on the Boards of DEİK (Foreign Economic Relations Board), TUSİAD (Turkish Industry and Business Association), DENSİR (Education and Culture Foundation of People of Denizli), BASİAD (Babadağ Industry and Business Association) and TETSIAD (Turkish Home Textile Industrialists' Association).



Elmas Melih Araz
Vice Chairman

[1948 - İstanbul] Melih Araz completed his high school education at Robert College and graduated from the Faculty of Political Science at Ankara University in 1972. He obtained an MBA (Master in Business Administration) at Kelley School of Business, Indiana University in 1975 under the USAID/TEV scholarship. He also attended an "Executive Management Program" at the Harvard Business School in 1988. Starting his career in finance and banking at Citibank N.A.'s Turkey office in 1977, Mr. Araz held various senior positions at the bank's İstanbul, Bahrain, Athens and New York offices and assumed key responsibilities in the establishment and expansion phases of the Citibank's Turkey organization. He later served as the CEO/General Manager at Interbank AŞ, a Çukurova Holding affiliate, for eight years where he played a key role in elevating Interbank to a respectable and leading position in the field of corporate and investment banking in Turkey. After leaving Interbank, Mr. Araz worked as a consultant in a number of major projects and served as a Board Member at various companies including Zorlu Enerji Elektrik Üretim AŞ (2008-2013) and Enka İnşaat ve Sanayi AŞ (2012-2018). He currently serves in senior positions within Ata Group. In addition to his position as Vice Chairman of the Board at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Melih Araz also serves as a Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, which are other Zorlu Group companies. In addition, Mr. Araz serves as a Board Member at Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Gıda Yatırımları AŞ, Burger King China JV Ltd., İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ.



Olgun Zorlu
Board Member

[1965 - Trabzon] After graduating from university in the United Kingdom with degrees in Textiles and Business Administration, Olgun Zorlu began his professional career in 1986. He started to serve in managerial positions at various Zorlu Group companies in 1988, where he managed their foreign market research and business development operations. In addition to his Board membership at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Mr. Zorlu also serves as a Board Member at Zorlu Holding and other Zorlu Group companies.



Şule Cümbüş
Board Member

(1976 - İstanbul) After graduating from Işık High School, Şule Cümbüş pursued undergraduate studies in the USA. She studied Business Administration at the Pepperdine University in Los Angeles in her first year, and at the Silberman College/FDU in New Jersey for the following two years. She worked at Zorlu USA Textile, Zorlu Holding's US subsidiary for about six months before returning to Turkey in 1999 to take on the role as a Management Trainee at Denizbank, where she went on to serve in various departments within the bank for two years. She became an Executive Member of the Board at Anadolu Kredi Kartları AŞ, which was acquired in early 2002. In 2003, she assumed the position of the General Manager at Linens Pazarlama. In addition to being a Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Ms. Cümbüş continues to serve as the Chairman of the Board at Z Gurme Restoran Gıda Sanayi ve Ticaret AŞ.



Selen Zorlu Melik
Board Member

(1975 - Trabzon) Selen Zorlu Melik graduated from the Department of Business Administration at Uludağ University. She began her professional career at Denizbank in 1998. Following her internship at Denizbank's Bursa branch, she joined the Management Trainee Program of the bank in 1999. After working in a number of positions at the Denizbank head office, Mrs. Zorlu Melik attended a Marketing Certificate Program at the University of California, Berkeley, USA in 2001. She subsequently started to work at the Korteks Yarn Plant in 2002 and became a Board Member of the same company in 2004. Elected as a Board Member at Vestel Beyaz Eşya in 2019, Selen Zorlu Melik currently serves as a Board Member in numerous companies within Zorlu Group.



Bekir Ağırđır
Board Member

(1956 - Denizli) Bekir Ağırđır graduated from the Department of Business Administration at Middle East Technical University in 1979. He served respectively, as Sales Manager and then Assistant General Manager at Bilsan Bilgisayar Malzemeleri AŞ (1980-1984), Sales Coordinator at Meteksam Ltd. (1984-1986), General Manager at Pirintaş Bilgisayar Malzemeleri ve Basım Sanayi AŞ (1986-1996), Deputy General Manager at Atılım Kağıt ve Defter Sanayi AŞ (1996-1999) and as General Manager and Board Member at PMB Akıllı Kart ve Bilgi Teknolojileri AŞ (1999-2003). During 2003-2005, Mr. Ağırđır worked as a Coordinator and then as General Manager at Tarih Vakfı (History Foundation of Turkey). Bekir Ağırđır has been the General Manager and Board Member of KONDA Araştırma ve Danışmanlık Limited Şirketi (KONDA Research and Consultancy) since 2005. In addition to being a Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret, Mr. Ağırđır also serves on the Boards of two other Zorlu Group companies – Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ.



Ayşegül İlđeniz
Board Member

(1969 - İzmir) Ayşegül İlđeniz holds a Bachelor's degree in Business Administration from Boğaziçi University and a Master's degree in Digital Communications from the San Francisco State University. She went on to assume senior management positions in the Intel Corporation, the world's leading producer of microprocessors, where she served as the General Manager for Intel Turkey, as the Regional Director for the Turkey, Middle East and Africa region covering 67 countries and as a Board Member for Intel's Europe-based operations. She was later appointed to the position of Global Vice President of the New Devices Group at the Intel Headquarters in Silicon Valley. In 2016, Ayşegül İlđeniz became the COO (Chief Operating Officer) of the Silver Spring Networks, a company listed on the New York Stock Exchange, which controls half of the US smart energy market with 26 million users and implemented Smart Cities programs in a number of cities including Chicago, Singapore, Paris, Copenhagen and Dubai. Ayşegül İlđeniz is a pioneer in the fields of innovation, technology and future vision, both in the Silicon Valley and in İstanbul. In 2015, she was named as one of the "100 Most Creative People in Business" by the Fast Company, one of the most prestigious publications in the United States, and as the "Third Most Influential Turkish-American Woman" by the Turks of America (TOA), while in Turkey she was selected as the "IT Woman of the Year" in 2004 and "Woman Executive of the Year" in 2006 by the Dünya Newspaper. Ayşegül İlđeniz is currently the President of the TUSIAD Silicon Valley Network and a Board Member of the American Turkish Society and the New York-based Turkish Philanthropy Funds. Ayşegül İlđeniz also serves as a Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ and Eczacıbaşı Holding AŞ.

Interview with the CEO



Enis Turan ERDOĞAN
CEO

We increased our turnover by 35% to TL 9.4 billion in 2020. While domestic revenues surged by a record 74%, export revenues increased by 27%.

Could you evaluate the developments experienced in your sector under the negative conditions of the pandemic that struck in 2020?

In 2020, which was overshadowed by the pandemic, the global economy, which was dealt a new blow in the recovery process, suffered significant production losses as well as a significant contraction in trade volumes. All sectors throughout the world and in our country have faced conditions of a kind not experienced before, and been affected by this process in different ways.

In the domestic market, white goods sales, which started the year strongly with the low base effect from the previous year, suddenly contracted sharply in April and May with the strict lockdown measures introduced in response to the COVID-19 pandemic, which reached our country for the first time on March 11. With the transition to normalization from June and unfolding of pent-up demand, there was a strong recovery in the third quarter, and this trend continued in the last quarter of the year. During this period, the jump in housing sales, the decline in loan rates, and consumers' increasing investment into their homes as they spend more time at home due to the pandemic and the growing need for hygiene reflected positively on domestic demand, and domestic white goods sales (based on wholesales) closed 2020 with a record growth of 16%. This was the second highest growth rate recorded in the sector in the last 10 years, following the 19% growth in 2011.

A similar consumer trend and sales progression was observed in export markets due to the pandemic. The economic contraction in the EU, the main export market for the sector, and the impact of the pandemic which was felt much more strongly in some countries, weighed on international sales in the second quarter; however,

exports recovered in the second half of the year as restrictions were gradually lifted from May and pent-up demand came into play. According to data covering the five major countries in Europe, our largest export market, after a 7% contraction in the first half of the year, demand for white goods increased by 11% in the second half of 2020, with the reopening of economies and strong surge in demand, and closed the year with 3% growth despite a second wave of infections in the autumn. The Turkish white goods sector, which relies on exports for 74% of its sales, closed the year 2020 with similar export volumes with 2019.

According to data released by the White Goods Manufacturers' Association of Turkey (TURKBESD), Turkey maintained its position as the world's second largest white goods manufacturer after China, accounting for 7% of the world's white goods production.

Despite the difficulty in forecasting for 2021, the speed of the vaccination rollout and the prospect of a new wave of infections will play a decisive role in shaping the fortunes of our industry. The general view is that high demand for white goods will continue in the first half of the year, when people continue to spend time at home, with some normalization in the market in the second half of the year.

Supply issues, increases in prices of key inputs such as steel, plastics and metals as supply fail to keep up with demand, and limiting the impact of these cost increases on margins would be the key agenda items in the sector besides the pandemic in 2021.

On the other hand, the signing of a Free Trade Agreement with the UK post-Brexit and the preservation of current trade conditions have removed a significant degree of uncertainty from the sector.

How would you evaluate the year in terms of Vestel Beyaz Eşya's financial and operational results?

We think that by combining our competencies of being a strong technology company with our comprehensive risk management, agile and flexible company structure and effective decision-making processes, we have overcome an important test of endurance and adaptability with successful results.

In passing this test, our extensive and diversified network of suppliers played an important role in overcoming the supply problems, originating especially in China. We sustained our production without interruption to meet the growing demand, with the exception of a one-week halt at the onset of the pandemic.

Exports got off to a brisk start in 2020 and we recorded a strong growth in our international sales in the first quarter of the year. However, this growth gave way to a contraction in the second quarter due to the pandemic. As the market bounced back very rapidly in the second half of the year on the back of deferred demand, we succeeded in maintaining our export volumes on a year-on-year basis, compensating for our losses in the second quarter with the strong growth in demand for our products, driven by the consumers' increased need for hygiene and higher priority given to needs at home as consumers spend more time at home.

The domestic market also followed a similar course in line with the consumer behaviour and showed a strong growth due to implementation of less restrictive measures and low base effect, and significantly outperforming the market, Vestel Beyaz Eşya increased its market share in 2020. The "24-hour delivery", the most important application, which we implemented during the pandemic, played a part in this growth by driving

Interview with the CEO

With our “24 hour delivery” application, which is revolutionary in the retail sector, we have promised to deliver products purchased from vestel.com.tr to all parts of Turkey within 24 hours and demonstrated to all that bulky products such as white goods can be delivered within 24 hours.

the remarkable momentum which we achieved in our online sales.

With this application, which is revolutionary in the retail sector, we have promised to deliver products purchased from vestel.com.tr to all parts of Turkey within 24 hours and demonstrated to all that bulky products such as white goods can be delivered within 24 hours. In this application, our greatest strength was Vestel’s extensive dealer and service network spread throughout Turkey. On the other hand, as a result of the successful execution of our omni-channel marketing strategy, we have supported our sales by combining the online purchasing experience with offline retail with our new store concept, Vestel Ekspres.

Another contributor to our sales was the introduction of our hygiene and health-oriented products, which coincided with changing consumer priorities and demand in the market during this period.

We increased our turnover by 35% to TL 9.4 billion in 2020. While domestic revenues surged by a record 74%, export revenues increased by 27%. Being an exporter, the profitability on our international sales was positively affected by the movement in exchange rates, while profitability on our domestic sales has increased

in parallel with our growing market share in Turkey. In addition, the low cost raw material purchase contracts entered into especially in the second quarter of the year by closely following the developments in the market, cost cutting and efficiency efforts taken during the year as well as the increase in sales to A brand customers all reflected positively to our profitability. Thus, EBITDA reached TL 1.8 billion in 2020, around double its previous year’s level, breaking an all-time record. The EBITDA margin also increased by 6.2 percentage points to a record high 19.4%. In parallel with this impressive growth in EBITDA, net profit increased by 134% to TL 1.3 billion. Vestel Beyaz Eşya closed the year with record profitability by managing all processes with a proactive approach in a year when there were many unforeseen challenges in all the activities from supply and production to the sales due to the pandemic.

In order to further advance our success and market share in the European market, which we achieved with branded sales, especially with the Sharp brand, we took new initiatives in 2020. The name, production and sales rights of the White Knight and Hostess trademarks of Crosslee PLC, one of the key players in the UK white goods market, for the European market were taken over by Vestel Ticaret. With this acquisition, we aim to further consolidate our presence in Europe, especially in the UK market.

What actions did you take during the pandemic for your stakeholders, especially your employees and consumers?

As COVID-19 began to spread around the world, we prepared our emergency action plan and began informing employees about this issue. As part of the efforts to tackle the COVID-19 pandemic, we quickly and effectively put protective measures and practices into operation as soon as the first cases appeared in Turkey, and ensured their continuity both at Vestel City and in all other work fields.

We moved to a remote working practice wherever possible for our white-collar employees. In addition, we implemented a number of pandemic-oriented measures such as restrictions on travel with all contacts and meetings to be carried out through digital channels.

For our blue-collar employees, we implemented a comprehensive range of health measures in our facilities and production areas. With the advantage brought by being a technology company, we established a digital temperature measurement and data recording system, digital symptom checker and contact tracing application, digital entrance and exit systems as well as automatic

Vestel Beyaz Eşya closed the year with record profitability by managing all processes with a proactive approach in a year when there were many unforeseen challenges in all the activities from supply and production to the sales due to the pandemic.

disinfection systems. We also set ourselves apart with our applications such as digital information screens, monitoring with closed circuit television system and the Vestel Health Monitoring smartphone application. With the countless high level measures we have commissioned such as our catering company, which prepares meals in the form of lunch boxes, our 24-hour health center, our staff shuttles operating at 50% capacity even though there was no legal requirement for them to do so, our distance training and information programs, rest areas and dining halls organized according to the social distancing rules, our disinfection works which continue without interruption on a 24-hour basis in all production and social living areas, our Company won wide acclaim throughout the pandemic by setting an example. In the meantime, I should also note that we aim to open our new Health Center, the investment on which continues and which offers wider opportunities, for service in the first quarter of 2021.

As a result of the COVID-19 measures we took and the practices and arrangements we implemented, we became one of the first companies in the sector to receive the "TSE COVID-19 Safe Production Certificate".

Meanwhile, we have taken measures which will protect the health of the community, as well as allowing consumers to access our products or services as quickly and easily as possible in this process which is dominated by social isolation. During the pandemic, our daily lives and the way we do business have changed drastically. As always, we go beyond merely keeping up with this change, and instead lead it. In this context, we have introduced many applications by focusing on making people's lives easier.

During this period, we continued to increase the support we extend to health institutions and different organizations. We have donated white goods such as air conditioners, washing machines, dishwashers, tumble dryers and vaccine cabinets to health institutions at more than 200 points of Turkey, mainly in Istanbul, Ankara, Izmir, Manisa, Bursa and Antalya. In addition, we have donated an automatic temperature scanner to MOSTEM and Celal Bayar University, biological sampling and intubation cabinets to the Manisa City Hospital and other regional hospitals, and transparent screens to COVID polyclinics.

I would also like to briefly mention our support project for the Protect My Child from Cancer (KAÇOD), which is something I care about very deeply. As part of the project, we undertook the treatment of children who had been receiving treatment with the support of KAÇOD, but who could not continue their treatment due to the economic situation of their families in this environment. In addition, we donated 5% of the purchase price made by our consumers to KAÇOD in our Online Shopping (Çarşı Pazar) campaign. Being a source of hope for the children has become our hope, too.

By taking our approach to social contribution to a higher level during the pandemic, we began to use our power to create social benefit with an awareness of our impact area. Accordingly, while achieving gains in the name of sustainability, we have also stepped up our efforts to become part of a stakeholder-oriented new generation economy which is beginning to emerge as a result of the transformation which the world is going through.

Interview with the CEO

Having the technology to meet the needs of our customers in this period, when our hygiene-oriented products have come to the forefront, proved to us that we are making the right decisions, especially in R&D and design.

Which products have seen an increase in demand during this period? Could you provide some information about your featured products?

Having the technology to meet the needs of our customers in this period, when our hygiene-oriented products have come to the forefront, proved to us that we are making the right decisions, especially in R&D and design.

Thanks to our vision and our mission to be a pioneer of technological developments, we support the aspirations of individuals to lead healthy lives with our current range of products.

We introduced Daylight Technology, which we developed with the inspiration of nature, to the market at the beginning of the pandemic. It would be fair to say that this technology has come as a breakthrough in the market, with our refrigerator which cleans the air inside the unit, our dishwasher which prevents harmful formations with natural light, our washing machine which provides additional hygiene in laundry with special lighting, our air conditioners, which provide individuals with access to safer and sterilized ambient air.

In this period, our washing machine can easily sterilise frequently touched objects, such as laundry, shoes, banknotes, credit cards and wallets

in just 29 minutes, using Daylight Technology with its special lighting in the waterless washing program.

Our other important and innovative product, the Maya refrigerator, which caters to consumers who care about healthy eating, provides all the necessary conditions for food items which require fermenting such as dough, yogurt, kefir, vinegar and pickles, and allows them to be stored conveniently.

In addition to these products, we recorded increased sales in other categories during the pandemic, especially in the larger refrigerator and freezer categories, as consumers stocked up on food and cooked more food as they spent more of their time at home.

In the post-pandemic era, which we refer to as the “new normal”, where consumer expectations of healthy living will become embedded and hygienic products will stand out, we will continue to offer different products such as washing machines using UV-C technology, extra hygienic dryers using UV-C technology and Active Ion technology, dishwashers using UVON, ION and UV-C technologies, advanced UV-enabled air conditioning units and water heaters with antibacterial and virus-preventing functions.

How far have you come in the Industry 4.0 transformation? Can we expect the work on automation in production to gain pace in the post-pandemic period?

We have been working on the Industry 4.0 transformation for over six years and have achieved 90% of the work to reach our target. In production processes, the attention has turned to self-operating robots or robot-human-powered collaborative applications. With the Industry 4.0 applications, an end-to-end smart and traceable value chain is formed which extends from the input of the order up to the point where the product reaches the end user. By incorporating intelligent, learning and self-enhancing artificial intelligence (AI) technologies into this cycle, we monitor all data and, accordingly, further develop and improve our processes.

While many white-collar workers were able to continue their work outside the office during the pandemic, blue-collar workers were at risk because they were unable to work from home due to the nature of their jobs. We introduced a number of changes as part of the pandemic measures, such as reducing the number of employees on production lines or machines and increasing social distancing. While emphasis was placed on the use of robots, “lights-out factory”

As Vestel Beyaz Eşya, we strive to make breakthroughs in sustainability by playing a leading role with our production processes, the environmentally friendly products we bring to the consumer and our contribution to the circular economy, and improve our ESG (Environmental, Social, Governance) scorecard.

production application, which is fully automated, was also implemented in some of our factories.

In the current conditions, increasing automation is an absolute necessity in order to ensure continuity in the manufacturing sector. For the post-pandemic period, remote follow-up and traceability, digital twin control of machines or lines, and AR and VR work will come under the spotlight in production activities with an increased use of remote intervention in dealing with failures.

In the new period, when the Industry 4.0 concept is expected to take on a new dimension, new infrastructure needs will emerge, where the entire production activity chain will become integrated. Although these are issues which were known about and studied before the pandemic struck, it is likely that research on this issue will also gain pace after the pandemic, given that the current infrastructure levels remain insufficient in terms of their implementation and prevalence.

Large companies which have already allocated substantial budgets for robotics, artificial intelligence, Industry 4.0, automation and digitalization in their business processes will have many reasons to further increase their interest in these areas, especially in ensuring labour continuity.

What would you like to say about the future?

The pandemic has once again demonstrated the importance of sustainability. In this process, we have seen that companies that adopt a stakeholder-oriented and profit-based growth approach with integrated risk and multiple capital management are more resilient to global risks and threats and perform well by emerging from this crisis without much damage.

On the other hand, the pandemic, the fallout of which we continue to experience, was a clear example of how the cycles of human life, ecosystems and economics are all intertwined with this period of climate crisis. While we believe the pandemic will end in due course thanks to the stage reached in vaccine development, the climate crisis, with its environmental, social and economic impacts, is already considered the biggest risk threatening our sustainable future.

In this vein, it is up to us and large companies like us to quickly and completely fulfil our responsibilities to meeting the increasing pressure on our planet and our future.

As Vestel Beyaz Eşya, we strive to make breakthroughs in sustainability by playing a leading role with our production processes, the

environmentally friendly products we bring to the consumer and our contribution to the circular economy, and improve our ESG (Environmental, Social, Governance) scorecard. On this long and difficult road, the Zorlu Group's sustainability approach, Smart Life 2030 vision also serves as a guide for us.

Through Smart Life 2030, which describes our contribution to the United Nations Sustainable Development Goals, we are working to harness the life-improving power of technology and digitalization and shape a sustainable future with smart approaches, based on a business model which combines profitability and social benefit. By creating innovative and sustainable solutions for global problems, we are taking strong strides towards our goal of becoming one of the key stakeholders in the great transformation.

Vestel Beyaz Eşya is committed to strengthening its presence as a global player with its experience, vision, intellectual strength and technological competencies and to increase its contribution to achieving a better and liveable world by focusing on sustainable profitability, efficiency and savings.

Senior Management



Enis Turan Erdoğan
Chairman of the
Executive Committee

(1955 - Mersin)
Enis Turan Erdoğan obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1976 and his MBA degree from Brunel University in the UK in 1979. Following his return to Turkey, he served in managerial positions in various companies in the private sector before joining Vestel in 1988. Having held several managerial positions at Vestel since 1988, Mr. Erdoğan served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since January 1, 2013, Mr. Erdoğan has been serving as the CEO of Vestel Group of Companies. Mr. Erdoğan served as the President of TURKTRADE (Turkish Foreign Trade Association) for two periods between 2002 and 2006. He also served as a Board Member of Europe's largest ICT Confederation, DIGITALEUROPE, between 2010 and 2014 as the first Turkish citizen to be elected.



Bekir Cem Köksal
Executive Committee
Member

(1967 - Ankara)
Cem Köksal graduated from the Department of Mechanical Engineering at Boğaziçi University in 1988 and obtained a Master's degree at Bilkent University in 1990. Having worked in the banking industry between 1990 and 2001, Mr. Köksal was appointed as Deputy General Manager at Denizbank in 1997. Mr. Köksal joined Vestel as Chief Financial Officer in 2002. He currently serves as an Executive Committee Member at Vestel Group of Companies and as the Head of Financial Affairs Group at Zorlu Holding. Mr. Köksal also serves as the Chairman of the Sustainability Committee at Zorlu Holding and as a Board Member at Zorlu Enerji.



Necmi Kavuşturan
Executive Committee
Member

(1956 - Gaziantep)
Necmi Kavuşturan graduated from the Faculty of Political Sciences at Ankara University in 1979. He began his career at İş Bank as a specialist in 1979. In 1985 he became the Deputy General Manager at Interbank. Necmi Kavuşturan, who pioneered the "Management Trainee" program, open performance system and total quality management at Interbank served as the Deputy General Manager in charge of Management Services at Denizbank between 1997 and 2003. Mr. Kavuşturan also managed Denizbank's Advertising, Public Relations, Construction and Purchasing Departments during this period. Necmi Kavuşturan, who was appointed as the Head of Human Resources Group at Zorlu Holding in 2003, has been serving as the Executive Committee Member in charge of Human Resources at the Vestel Group of Companies since 2005.



Erdal Haspolat
General Manager of
Vestel Beyaz Eşya
Sanayi ve Ticaret AŞ

(1970 - Bitlis)
Erdal Haspolat graduated from the Department of Mechanical Engineering at Middle East Technical University in 1992. He started his career as a Systems Design Engineer in the Rocket Industry Group of Ankara Makina ve Kimya Endüstrisi Kurumu in 1992. Mr. Haspolat began to work in the R&D Department of Vestel Beyaz Eşya's Refrigerator Plant in 1998. Between 1998 and 2002, he worked as an R&D Engineer and R&D Laboratory Officer at the Refrigerator Plant. During this period, Erdal Haspolat also took part in projects aimed at the localization of the imported components used in the production of air conditioning units. Between 2002 and 2005, he served as the Quality Assurance Manager and R&D Manager at Vestel Beyaz Eşya's new Washing Machine Factory project. In 2005, he assumed the management of the dishwasher production project, which was launched for the addition of dishwashers to Vestel Beyaz Eşya's product range. He took part in the production, quality, product design and related processes of the Dishwasher Plant, and carried out all the investment and design processes of the project together with the project team. He served as the Manager of the Dishwasher Plant until 2013 when he was appointed as the Manager of the Refrigerator Plants. In April 2015, Mr. Haspolat was named the General Manager of Vestel Beyaz Eşya, and has been carrying out this duty since then.



Alp Dayı
Chief Financial Officer
of the Vestel Group of
Companies

(1963 - Alaşehir)
Alp Dayı graduated from the Department of Industrial Engineering at Dokuz Eylül University in 1985 and received a Finance degree from the UC Berkeley, University of California, in 2006. Alp Dayı has served as a senior manager responsible for financial affairs at various industrial companies since 1987, and has continued his career at Vestel Group since 1999. He currently serves as the Chief Financial Officer at Vestel Group of Companies, comprising Vestel's domestic and foreign subsidiaries.



Hasan Uğur
Deputy General
Manager in Charge
of the Refrigerator
Plants

(1981 - Mersin)
Hasan Uğur graduated from the Department of Mechanical Engineering at Middle East Technical University in 2004. He started his career as a Design Engineer at the R&D Department of Vestel Beyaz Eşya in 2005. Mr. Uğur went on to serve as an R&D Mechanical Hydraulic System Design Engineer and then as a Senior Design Architect. Mr. Uğur was appointed as the R&D Manager at the Refrigerator Plants in 2013, and was appointed as the Deputy General Manager in Charge of the Refrigerator Plants in February 2019.



Serkan Balci
Deputy General
Manager in Charge
of the Washing
Machine Plants

(1982 - İzmir)
Serkan Balci graduated from the Department of Mechanical Engineering at Dokuz Eylül University in 2004. He began his professional career at Vestel Beyaz Eşya as Laboratory Engineer in the R&D Department at the Washing Machine Plant in 2006 and later served as the Chief Engineer of the R&D Laboratory and Senior Design Architect, respectively. Mr. Balci, who was appointed as the Deputy General Manager in Charge of the Washing Machine and Tumble Dryer Plants as of January 1, 2020, continues to serve as the Deputy General Manager in Charge of the Washing Machine Plants from September 1, 2020 due to an organizational change.



Serhat Tolga Sönmez
Deputy General
Manager in Charge
of the Dishwasher
Plant

(1972 - Erzurum)
Serhat Tolga Sönmez graduated from the Department of Electrical and Electronics Engineering at Dokuz Eylül University in 1994. After holding various positions in the white goods sector, he joined Vestel Beyaz Eşya in 1998. He was involved in the establishment of the Refrigerator Plant, where he assumed duties in a number of different departments before being appointed as the Plant Manager in 2006. In 2013, Mr. Sönmez was appointed as the Deputy General Manager in Charge of the Dishwasher Plant.



Mehmet Yavuz
Deputy General
Manager in Charge
of the Cooking
Appliances Plant

(1978 - Diyarbakır)
Mehmet Yavuz graduated from the Department of Industrial Engineering at Istanbul Technical University in 2002. He worked as Quality Assurance Officer at Aykim Metal Sanayi ve Ticaret AŞ during 2002-2004. In 2004, Mr. Yavuz joined Vestel Beyaz Eşya and assumed various positions at the Washing Machine Plant, the Dishwasher Plant and the Refrigerator Plants. In October 2017, Mr. Yavuz was appointed as the Acting Deputy General Manager in Charge of the Cooking Appliances Plant and in February 2018 he became the Deputy General Manager in Charge of the Cooking Appliances Plant.



Özgün Döşemeciler
Deputy General
Manager in Charge
of the Tumble Dryer
Plant

(1981 - İzmir)
Özgün Döşemeciler graduated from the Department of Mechanical Engineering at Ege University in 2005. He started his career at Vestel Beyaz Eşya as Design Engineer in the R&D Department of the Washing Machine Plant in 2006. Mr. Döşemeciler later served as the R&D Washing Group Mechanical Design Supervisor and Senior Design Architect. Mr. Döşemeciler, who has held the position of R&D Manager at Tumble Dryer Plant since 2016, was appointed as the Deputy General Manager in Charge of the Tumble Dryer Plant on September 1, 2020.



Özgür Yılmaz
Deputy General
Manager in Charge
of Purchasing

(1976 - İzmir)
Özgür Yılmaz graduated from the Department of Mechanical Engineering at Middle East Technical University in 1998. Between 1998 and 2001, he worked on attack helicopters at the Turkish Armed Forces. In 2002, Mr. Yılmaz began to work at Vestel Beyaz Eşya as Washing Machine Design Engineer and later held the positions of R&D Mechanical Design Chief Engineer and R&D Manager. In 2012, Özgür Yılmaz was appointed as the Deputy General Manager in Charge of the Washing Machine Plant and was also responsible for the new Washing Machine and Tumble Dryer Plant, which came onstream in 2018. Mr. Yılmaz was appointed to the position of Deputy General Manager in Charge of Purchasing as of 1 January 2020.



Turgay Büyük
Deputy General
Manager in Charge
of Central R&D

(1981 - İzmir)
Turgay Büyük graduated from the Department of Electric and Electronics Engineering at the Middle East Technical University in 2004. He started working at Vestel Beyaz Eşya as a Laboratory Engineer in the Dishwasher R&D Department in 2005. Mr. Büyük later served as the R&D Laboratory Group Supervisor and Senior Design Architect, respectively. Mr. Büyük, who has been serving as the Technology Development Manager since 2016, has been appointed as the Deputy General Manager in Charge of Central R&D as of September 1, 2020.

Vestel Beyaz Eşya in Brief

Vestel Beyaz Eşya manufactures refrigerators, freezers, washing machines, tumble dryers, cooking appliances, dishwashers, air conditioning units and water heaters using the state-of-the-art technology at its seven manufacturing plants located in the Vestel City in Manisa, which is one of the largest single site industrial complexes in Europe with a total area of 1.3 million square metres and a total enclosed area of 406,000 square metres.



Maintaining its steady growth since its inception in 1997, Vestel Beyaz Eşya is one of the largest manufacturers of white goods in Turkey and in Europe, and leads the market with its long-term strategies and vision.

Vestel Beyaz Eşya manufactures refrigerators, freezers, washing machines, tumble dryers, cooking appliances, dishwashers, air conditioning units and water heaters using the state-of-the-art technology at its seven manufacturing plants located in the Vestel City in Manisa, which is one of the largest single site industrial complexes in Europe with a total area of 1.3 million square metres and a total enclosed area of 406,000 square metres.

Vestel Beyaz Eşya unwaveringly maintains its efforts to complete the Industry 4.0 transformation and its

transition to fully automated smart factories.

Vestel Beyaz Eşya's new washing machine and tumble dryer plant entered operation in the second quarter of 2018. The new plant, which was established on a 66,000 square metres enclosed area within Vestel City was built with the Industry 4.0 infrastructure and has an annual production capacity of 750,000 washing machines and 750,000 tumble dryers. With the commissioning of the new plant, Vestel Beyaz Eşya has completed its product range in the six major domestic appliances (MDA) product family.

With the capacity increase investment, the production capacity of the refrigerator plant increased by 500,000 units at the end of January 2020, raising Vestel Beyaz Eşya's total

annual production capacity from 12 million units to 12.5 million units.

Vestel Beyaz Eşya is one of Europe's leading original design manufacturers (ODM). It currently ranks as one of the five largest white goods producers in Europe and is also one of the three top players in the Turkish white goods sector with the products which it develops by closely following technological trends. Vestel Beyaz Eşya realizes 33% of Turkey's white goods exports.

Vestel Beyaz Eşya, which mainly carries out its sales in the European market on an ODM basis, also carries out branded product sales with the local brands owned and the global brands held under the brand licensing agreements by the Vestel Group.

With its strong R&D organization and competence in technological



Vestel Beyaz Eşya's Competitive Advantages

- Lower Costs
- Flexibility in Production
- Strengths in R&D, Innovation and Design
- Proximity to Key Export Markets
- An Extensive Sales and After-Sales Service Network in Turkey
- Outstanding After-Sales Customer Services
- The Industry 4.0 Transformation

development, Vestel Beyaz Eşya continuously develops and expands its environmentally friendly product range which appeals to a wide range of consumers globally and strives to bring more comfort to millions of homes.

Vestel Ticaret AŞ*, which carries out Vestel Beyaz Eşya's sales and marketing activities, reinforces the Company's strong brand image in the domestic market with its competence in logistics and distribution, extensive dealer network and its service organization which is backed by an advanced technological infrastructure. The after-sales services for Vestel Beyaz Eşya's products are carried out by the authorized service providers which provide services throughout the country as well as by the Central Services and the call center under the Vestel Customer Services General Directorate.



* Vestel Beyaz Eşya's sales and marketing activities in the domestic and international markets are carried out by Vestel Ticaret AŞ ("Vestel Ticaret"), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ.

Vestel's Production Power: Vestel City

Vestel City, which was officially opened in 2003, is one of the largest production facilities in Europe established at a single location, with an area of 1.3 million sqm.

Vestel's mega factory - Vestel City - was featured in the "Mega Factories" documentary series on the world famous National Geographic Channel. Vestel was the first electronics and household appliances company in the world and the first brand and industrial facility in Turkey to appear in the documentary series, which features some of the world's most well-known brands.

Excellence Awards and Facilities with High Energy Efficiency

Vestel Beyaz Eşya won the following accolades within the scope of the Excellence Awards, which are given by the Japan Institute of Plant Maintenance (JIPM) each year to companies which best implement the Total Productive Maintenance (TPM) practices in the world.

Following "TPM Excellence Award" in 2014 Vestel Beyaz Eşya won the "Award for Excellence in Consistent TPM Commitment" in 2017. The award represented a global success as Vestel Beyaz Eşya was the first and only household appliances company in the world to receive this award for its six production facilities in six different product groups (refrigerator, washing machine, cooking appliances, dishwasher, air conditioner and water heater) simultaneously.

Having completed its preparatory work for the "TPM Special Award" in 2019, Vestel Beyaz Eşya won the "Special Award for TPM Achievement" in February 2020. It thus became the first and only company to be given this award for 7 different product groups (refrigerator, washing machine, tumble dryer, dishwasher, cooking appliances, air conditioner, water heater) at 7 different factories at the same time, and thereby raised the bar of its success even higher.

Vestel Beyaz Eşya won the Turkey championship and afterwards, the European championship at

the Industrial Excellence Award competitions held in 2016. Vestel Beyaz Eşya was the first Turkish company, and the only company in the white goods sector in the world to have won this award.

As a manufacturer which cares for the environment and the future, Vestel Beyaz Eşya is the holder of the ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064 Greenhouse Gas Management System and ISO 14046 Water Footprint Approval Certificates.

In addition to manufacturing products with high energy and water efficiency, Vestel Beyaz Eşya also focuses on the efficient use of energy and water in its production processes. Compared to a 22% increase in its production (in units) over the last 4 years, Vestel Beyaz Eşya has managed to cut its water consumption per unit product by 24% in the same period.



Vestel Beyaz Eşya's Main Strengths

With innovation encoded into its DNA, technology and innovation have been an integral part of Vestel Beyaz Eşya's culture since its establishment.

Innovation

- Creating new value for customers with its strong R&D structure, production capabilities and human resources, meeting consumer needs in the shortest space of time with technological solutions, making innovation fast and accessible to all.

Economies of Scale, Flexibility in Production and Product Customization

- Responding to the needs of different customers with various socio-cultural characteristics in foreign markets with appropriate products, right pricing and suitable sales channels,
- Thanks to flexible production capability, the ability to develop products in numerous various models for different customers.

Customer Commitment

- Providing a seamless ODM service at all stages from original design and production to point delivery,
- Not directly competing with the customers' brands in Europe,
- Offering prompt production and delivery with the ability to handle small batch orders.

Cost Advantages

- Benefiting from economies of scale in procurements, especially in the purchase of components, which represents the most important cost factor, with its strong position as a large-scale manufacturer,
- The efficiency, effectiveness and cost advantages brought about by manufacturing under a single roof at Vestel City, one of the largest production complexes in Europe established in a single location,
- Advantages over Far Eastern competitors in transportation cost and delivery time due to the proximity of its production facilities to the European market,
- The existence of a well-developed supplier base in Manisa and the cost advantages in terms of distribution and logistics, facilitated by Vestel City's proximity to İzmir port and the Company's suppliers,
- Lower unit labour costs compared to European manufacturers,
- Newer and more modern production facilities than European manufacturers,
- The import tax advantage in exporting to countries with which Turkey has a Free Trade Agreement over the manufacturers of countries which do not have such an agreement.

Being A Pioneer in Digital Transformation

- With innovation ingrained in its DNA, the Company has adopted innovation and technology as part of its culture since the day it was founded,
- Extensive technological capability and vision,
- Business processes transferred to electronic media; customer experience strengthened by digitalization,
- A pioneer in Turkey's digital transformation like it has been a pioneer of Turkey's technological transformation,
- Being at the center of digital transformation with its solutions, innovations and products as a company that exports technology to the world,
- With its TM (Transport Management) and SNC (Supplier Network Collaboration) modules, being the only company in Turkey to manage its material movements and orders in digital integration with its logistics partners and suppliers through SAP.

Vestel Beyaz Eşya's Main Strengths

Industry 4.0 Work at Vestel Beyaz Eşya

Vestel Beyaz Eşya is able to manage all automation and Industry 4.0 activities singlehandedly with a special unit created within its body. The Company follows the state-of-the-art technologies closely and performs all activities for software, design and electrical hardware design through this unit.

All mechanical designs, process analysis, part manufacturing, PLC (Programmable Logic Controller) and robot software and simulation analyses can be undertaken, from their inception to completion, within the Company. As such, projects can be carried out quickly and at low cost. In addition to the products it manufactures, Vestel Beyaz Eşya also invests in production technology. With its competent engineers and technicians, Vestel Beyaz Eşya has transformed into a company which can design and build the production lines and machinery, which had been previously procured externally and even apply for patents for the machinery it has designed.

Vestel Beyaz Eşya has established special automation systems with the support of its competent workforce and has reached a level where all software, electrical and mechanical training can be provided in-house.

Vestel Beyaz Eşya carries out its production activities using the latest technologies in the world thanks to its production and mechanical lines and paint shops established with the Industry 4.0 infrastructure.

One of the most important tools in Industry 4.0 are the autonomous robots positioned at many points along the production lines, serving as an important step in achieving production flexibility. In 2020, Vestel Beyaz Eşya continued to commission the most robot cells in one year, both in the white goods sector and in all sectors, for the fourth year in a row. The Company expands the trinity of robot-machine-

Vestel Beyaz Eşya stands at the forefront of all sectors in the world with its 180 articulated robots, which are able to move on 6 or more axes, per more than 9,200 employees.

human more and more with each passing day, working with impeccable production techniques. Vestel Beyaz Eşya stands at the forefront of all sectors in the world with its 180 articulated robots, which are able to move on 6 or more axes, per more than 9,200 employees.

To achieve unmanned and remotely controlled in-factory transportation, Vestel Beyaz Eşya is switching from the methods of line, metal or magnetic tracking on the ground to systems that can be entirely managed by mobile communication and special navigation systems. All automatically guided vehicles used at Vestel Beyaz Eşya's seven production plants can be controlled simultaneously by a single piece of traffic software in what is the first development of its kind in Turkey, both in the white goods sector and indeed in any sector, in terms of number and function. Autonomous systems which operate simultaneously in all plants serve as a bridge between planning and production. The use of automatic guided vehicles serves to reduce on-site transportation costs and the need for forklift trucks, while damage caused during the transportation of products and components is also minimized, increasing production efficiency. Pairing of automatic transport vehicles with remote control software and production programs has also been started. Accordingly, the Company also aims to achieve autonomy in production planning operations.

Extra measures are taken to protect human health and safety in factory transportation and for this purpose, gel type batteries are used in vehicles, despite their shorter life. As a result, all in-factory transportation activities are carried out more quickly and safely, minimizing the risk of human error. With its strong identity as a technology company, Vestel Beyaz Eşya has adopted the task of using, producing and experimenting with rapidly changing technologies in addition to the production of white goods, and directs its work accordingly. The goal is to create a more environmentally friendly, safer and longer-lasting ecosystem. In the next step, the Company aims to carry out all production with unmanned vehicles, in contrast with modular and standard production lines.

Vestel Beyaz Eşya is increasing the number of its automated warehouses by bringing automated guided vehicles and industrial robots into use. It ensures that these systems communicate with each other in order to keep up with the rapid changes taking place in the industry and is thus able to establish smart systems within its organization. In addition to reducing storage and transportation costs with the automated warehouse systems, the Company also achieves online controlled consumption and minimizes the incidence of human error that may occur in the production flow.

Vestel Beyaz Eşya provides fast and easy training to operators by utilizing



By systematically recording usage information for all machines used in production, it will be possible to transfer accurate information to newly recruited employees through augmented and/or virtual reality.

virtual reality and augmented reality, which is a component of Industry 4.0, thus increasing the quality of its production. While the Company aims to meet technical and financial targets at once via virtual reality programs and special simulations carried out before all investment decisions (robot-machine-equipment-automated warehouse, etc.), the technical measurements conducted at

the beginning of projects ensure the flawless operation of systems.

With the help of these programs, systems and equipment large project costs can also be analyzed correctly, avoiding additional costs which may occur in future.

At a time when classic business methods are changing and undergoing

a process of transformation, preparations are also being made to create the necessary infrastructure for training to be given by methods of information transfer which are free of human intervention. By systematically recording usage information for all machines used in production, it will be possible to transfer accurate information to newly recruited employees through augmented and/or virtual reality. In summary, it will be possible for new employees to become fully equipped in a short space of time with simple software by using glasses, a tablet or a mobile device. The aim is to eliminate human errors that may occur and improve the quality further with proper training.

As part of the Industry 4.0 applications, additive manufacturing (3D Printing) is

Vestel Beyaz Eşya's Main Strengths



At the beginning of 2020, work got underway at the new factory for the digitalization of processes and linking production-planning management with the machines.

used extensively at Vestel Beyaz Eşya. Robot arm holders, machine parts and trial production for mould making are carried out with 3D printers. Thus, all trials, commissioning and any production stoppages that may occur due to breakdown or failure can be concluded rapidly and the mould-machine investments undertaken may be executed flawlessly and quickly.

Concrete steps have been taken for online monitoring of machine generated data and tracking of data stored in the cloud on special screens and through mobile devices, and progress has been achieved in studies on the development of systems to be directed by artificial intelligence. Various applications are created in order to manage all the machinery in different factories. Vestel Beyaz Eşya aims to complete its horizontal and vertical integration within the next few years by establishing an infrastructure where machines and robots communicate with each other, and then to integrate the whole internal ecosystem with its suppliers. Digitalization of quality systems, online monitoring of defects, production test results and raw material consumption, and obtaining all production reporting with a 99.9% accuracy are the most important goals of the coming years.

Vestel Beyaz Eşya, which incorporates Industry 4.0 based applications at its factories, is closely following the journey of the Industry 4.0 transformation. In the recent period, the Company completed various

automation projects with laser technologies, cutting, evap wrapping, labelling, packaging and the 7-axis robot applications.

In 2020, more flexible and planned production got underway, especially with automatic labelling projects which communicate with the data network online. All the test stations started to become robotic and automated in order to detect any errors before the product leaves the factory with the aim of producing a flawless product. Even the cleaning of products is performed with robots to ensure the highest levels of customer satisfaction. The packaging of products is also automated in order for all factories to achieve faster and higher quality production, with the safety of products increased not only during production, but also until the product reaches the end user. With visual control-based special software, all installation operations are discharged with the correct torque and high precision.

In addition to being pioneering and unique in their fields, all these automation projects greatly increase the flexibility and efficiency of systems. Vestel Beyaz Eşya, which supports its personnel with training programs and assigns them to the Industry 4.0 projects, takes the company identity one step further and facilitates process adaptation.

The new washing machine and tumble dryer plant commissioned in 2018

was built directly with Industry 4.0 infrastructure. Production lines, machines, transport vehicles and automation projects in the factory are able to communicate with each other, aiming to track production instantly. Along with this flow of information transferred, it is possible to view these technologies in all areas of the factory, from the intelligent warehouse system to the installations where automation is integrated. Utilities Facility 3 established to meet the water and energy needs of the washing machine and tumble dryer plant was also put into operation and the human-related operating problems were eliminated with the SCADA systems that were fully automated.

Vestel Beyaz Eşya will be able to offer its customers products with cutting edge technology, with higher quality and more rapidly, through its smart factory structure aimed at flawless and flexible production, which will do away with the need for human contact. At the beginning of 2020, work got underway at the new factory for the digitalization of processes and linking production-planning management with the machines. An example of the digital concept which will be created here, and the experience gathered during this trial, will be easily transferred to all of the Company's production facilities in the medium term.

Vestel Serving the Whole World...

Vestel reaches a large consumer base in the domestic market through its “multi-brand and omni-channel strategy” and boasts one of the most extensive^v sales and after-sales service networks in Turkey.

Vestel in Turkey

Within the scope of its omni-channel strategy, Vestel reaches consumers through household stores, hypermarkets, discount stores, electronic retailer chains and e-commerce websites, in addition to its exclusive dealer network. This strategy enables the Company to reach a wider customer base and increase its effectiveness and market share in Turkey.

Domestic Sales Network

1,073 Vestel stores (including 21 Vestel Ekspres stores)
9 Vs Outlet stores
748 Regal stores (224 of which are Exclusive Regal Dealers)
emagaza.vestel.com.tr
vsoutlet.com.tr
regal-tr.com

After-Sales Services

Call Center
352 Authorized Service Providers
4 Central Services
1 SDA Base (for small domestic appliances)
3 güVENUSsü (Trust Base) Centers
3 Mini güVENUSsü (Trust Base) Centers

Vestel's Global Operation Network

Vestel's international sales and marketing organization comprises the local sales offices of 10 foreign trade companies, of which 9 are located in Europe and the direct sales points in surrounding regions.



157

Number of Vestel's
Export Markets

10

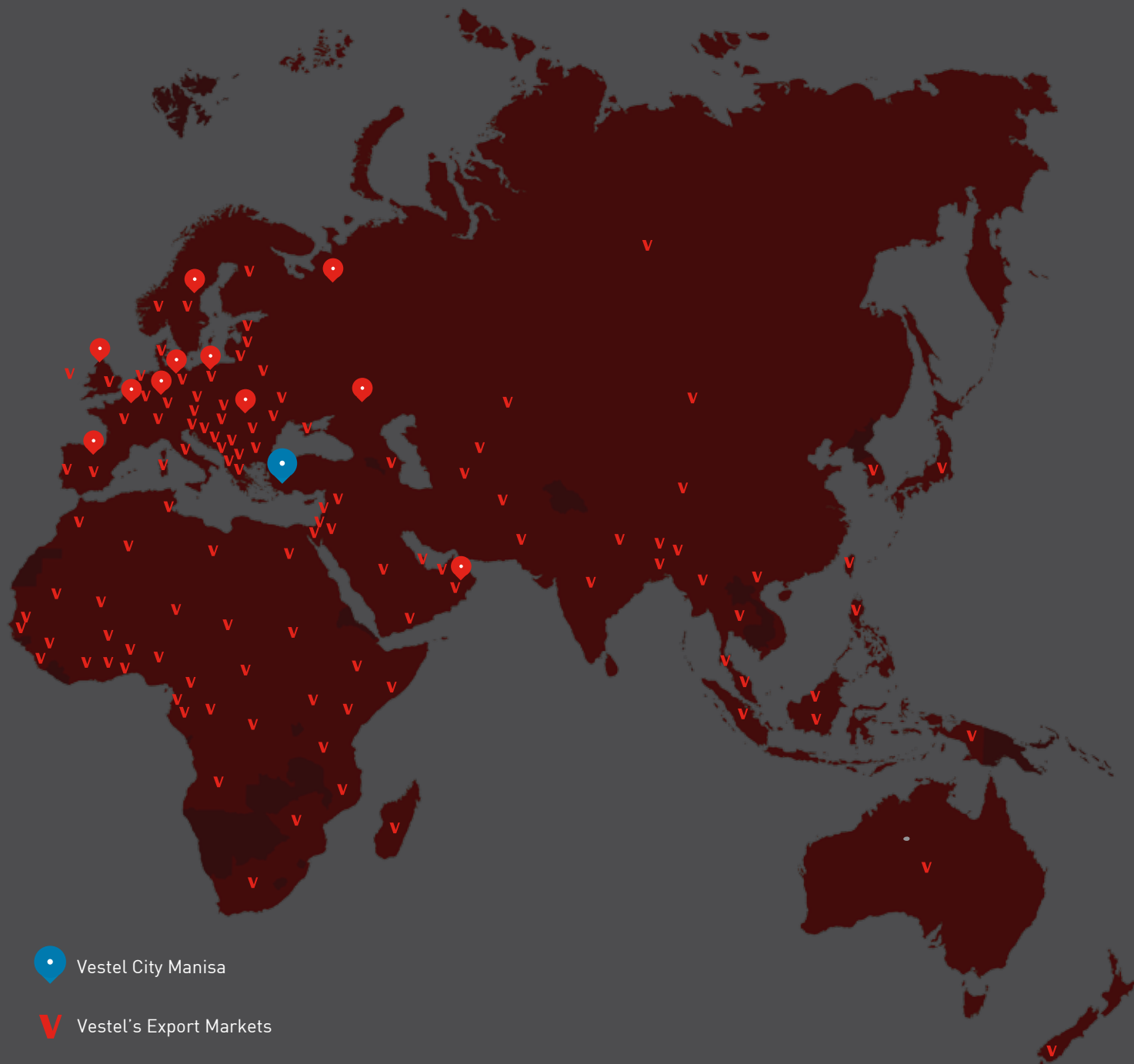
10 Foreign Trade
Offices, 9 in Europe

2,196

Number of Stores and
Sales Points Abroad

1,073

Vestel Stores in
Domestic Market



 Vestel City Manisa

 Vestel's Export Markets

 **Vestel's Foreign Trade Offices**

The United Kingdom
France
Germany
Spain

The Netherlands
Russia
Kazakhstan
Romania

Poland
The United Arab Emirates

Vestel Beyaz Eşya's Strategy and Realizations in 2020

Strategies	Realizations
Increasing Market Diversity	
To grow in regions outside of Europe, which is the Company's main export market	The total number of export destinations reaching 157 countries
To evaluate organic and/or inorganic growth opportunities for entry into these markets	Entry into new markets in the Middle East, Africa and Asia in line with the goal of increasing sales in these regions
	Initiation of sales to the North American market
Increasing Customer and Product Diversity	
To increase the share of A brand customers in the portfolio, for which ODM based production is carried out	Increasing business volume with existing A-brand customers
To capture a higher share of the outsourcing trend, which is gaining pace among A-brand manufacturers	New customer gains in the kitchen manufacturers channel
To increase market share by expanding product diversity	Acquisition of new local A-brand customers in markets outside of Europe
To shift sales mix towards more profitable mid-to high-end products	Development of next generation products which are record breaking in their class, with higher performance in energy and water efficiency and silent operation
To broaden and enrich the product range and increase the sales of built-in products by capturing new customers in the kitchen supplier channel in the European market	Development and launch of new products with Daylight technology and hygiene programs which remove viruses, to meet increasing awareness for health and growing consumer demand for hygienic products after the pandemic
To maximize customer satisfaction by working continuously on energy efficiency, water saving and Internet of Things applications, and meeting market expectations in the best possible way	Expanding the range of innovative and smart household appliances with innovative technologies
	Development of product families in various segments for new markets, which meet the needs of these markets

Strategies	Realizations
Branded Growth	
To increase business volume and market share by strengthening the brand image, distribution and sales network and after-sales service quality in the Turkish market	Continuing the successful sales and marketing initiative launched with the “Turkey is Vestelized” campaign with the “Proudly Domestic” campaign; which will be followed with a more consumer-centric and innovation-oriented brand communication strategy with the motto “Possible with Vestel - Why Not?”, which will help strengthen the brand image, continuing efforts to strengthen the dealer network, continuously moving forward the promise of providing a distinctive customer experience by going beyond standard services in after-sales and customer services, opening of stores in Turkey’s leading online marketplaces in addition to the corporate online sales channels, offering 24-hour delivery service to consumers as a first in Turkey in online shopping, creation of new sales points through the launch of small format Vestel Ekspres stores which combine online shopping experience with physical retail, also positioning Vestel Ekspres stores and other selected Vestel outlets as delivery points for the online sales of leading brands from different sectors
To create and implement efficient business models based on a sharing economy with integrated retail-oriented business plans	
To strengthen position in the European market and increase branded sales with the regional brands in Vestel’s portfolio and the global brands licensed by Vestel	Maintaining double digit growth in product sales to Europe under the Sharp brand despite the pandemic Acquisition of the UK-based Crosslee PLC’s White Knight and Hostess brands in line with the strategy to increase branded sales abroad
To gain further market share in nearby markets by improving activities in these countries	Entering new markets in Africa and Asia regions with the Vestel brand

R&D at Vestel Beyaz Eşya

Vestel Beyaz Eşya, which sets itself apart from the competition with its advantages in R&D and innovation, maintains a commanding position in the development of new and pioneering technologies and transformation of these technologies into designs and products which meet the needs and preferences of global consumers, thanks to the competences and the work of its strong R&D team.

Within the framework of Law No. 5746 on Supporting Research and Development Activities, Vestel Beyaz Eşya obtained the R&D Center Certificate on 17 October 2008.

The Company's R&D expenditures amounted to 1.1% of its sales revenues in 2020.

Vestel Beyaz Eşya's R&D Department carries out separate R&D activities based on the area of production. In addition to the internal R&D units which carry out specific R&D activities for each plant, there are also central R&D units that undertake studies on industrial design, intellectual property rights, innovation and Industry 4.0 for all products manufactured. The central R&D units, which operate under the General Directorate and conduct joint studies with the R&D units of the production plants, consist of the Technology Development Department, the Design Department and the Automation and Project Development Department. Studies for industrial design and intellectual property right for all products are carried out by the Design Department and innovation studies by the Technology Development Department. The Automation and Project Development Department undertakes studies on Industry 4.0 applications, automation, process analysis and the implementation of necessary investment activities for these studies with the Company's own resources.

As of the end of 2020, Vestel Beyaz Eşya has an R&D staff of 632 people.

The Company's R&D expenditures amounted to 1.1% of its sales revenues in 2020.

Vestel Beyaz Eşya's R&D axis consists of developing technologies and products that are environmentally friendly, use resources efficiently by maximizing energy and water savings, have functional and aesthetic designs, prolong the life and freshness of food, provide extra hygiene, deliver maximum performance thanks to use of smart sensors and can be remotely controlled via an internet connection.

The R&D strategy adopted in this vein is as follows:

- Develop new platforms that will adapt to changing product trends in the market, and offer products that will provide user comfort,

- Establish strong relationships based on continuous cooperation with the national and international institutions and organizations,
- Contribute directly to the development of technologies, in addition to closely monitoring technological developments,
- Protect the intellectual property rights of the Company in the designs developed, and gain a competitive advantage over competitors,
- Develop products which cater to the preferences and habits of different markets,
- Reflect the design trends developing on the axes of functionality and ease of use to the products.





Vestel Beyaz Eşya successfully deploys its competent technical infrastructure in the process of transforming information into technology, and transforming technology into products.

The R&D units and the Technology Development and Industrial Design Centers perform the following tasks:

- Keep close track of the innovations and developments in the sector by following technical, academic and industrial publications related to household appliances,
- Apply the results obtained by carrying out basic research in laboratories as innovative features to products,
- Make customer visits and attend trade fairs to closely monitor the needs and requests of customers, design products based on these findings and carry out studies to improve existing products,
- Design products with more functional features through studies carried out to improve the production parameters,

- Perform pre-production qualification of newly designed products or improved products by conducting trial productions.

The number of registered inventions patented by Vestel Beyaz Eşya had reached 244 as of the end of 2020. Technological trends are analyzed through patent research studies and new projects are initiated. The new technologies developed are protected by patents to prevent their imitation. As such, the Company has made around 427 inventions available to the sector. In addition, the patent portfolio is periodically reviewed and patents relating to obsolete technologies in areas which have been replaced by new technologies are abandoned.

Vestel Beyaz Eşya successfully deploys its competent technical infrastructure in the process of transforming

information into technology, and transforming technology into products. In line with its sustainable development, exemplary investments are carried out by the Company's competent and innovation-oriented R&D engineers together with national and international project partners by using state-of-the-art devices and systems and through collaboration with universities.

The teams within the R&D Department conduct studies in the following areas:

- Development or implementation of new technologies,
- New product designs,
- Environmentally-friendly production,
- Product development,
- Efficiency improvement and cost reduction.

Vestel Beyaz Eşya's R&D units work with the aim of increasing the Company's competitiveness in international markets by helping the Company develop its own products and achieve customer satisfaction.

Thanks to these competencies, the R&D units are specialized in solving technical problems related to products and production methods.

R&D at Vestel Beyaz Eşya

The fields of expertise of the R&D staff include:

- Structural Design
- Structural Analysis
- Electronic Control
- Electronic Design
- Fluid Mechanics
- Fluid Analysis
- Mold Design
- Intellectual Property Rights
- Materials
- Performance Tests
- Thermodynamics
- Acoustics
- Mechatronics
- Robotics
- Automation
- User Interface Design
- Industrial Design

Vestel Beyaz Eşya's R&D Collaborations

Applications for 14 of the 43 TÜBİTAK TEYDEB (Technology and Innovation Funding Programs Directorate) projects from Vestel Beyaz Eşya R&D Center in 2019 were accepted. In 2020, 19 projects, which are carried out with the support of TÜBİTAK, were reported.

Many of the projects carried out were realized through collaborations with universities. Intensive collaborations have been entered into with İzmir Dokuz Eylül University, Ege University, Sabancı University, the Middle East Technical University, Yeditepe University, İstanbul Technical University, İzmir High Technology University, Katip Çelebi University, Yıldız Technical University, Muğla Sıtkı Koçman University, Uşak University, Hacettepe University, Afyon Kocatepe University and Özyeğin University.

The first stage of the 1 TÜBİTAK 1004 Center of Excellence Support Program application was accepted in 2019 and the second stage application was submitted, with the evaluation process currently ongoing. In 2020, one application for TÜBİTAK 2209/B Industry Oriented Research Projects Support Program for Undergraduate Students and 2 applications for TÜBİTAK 2244 Industry PhD Fellowship Program were accepted, for which studies will be carried out jointly with Özyeğin University and Ege University. Within the scope of international R&D support programs, three applications were submitted in 2020, one to Horizon 2020 (the European Union Scientific R&D and Innovation Grant Program), two to the Support Program for Increasing the Capacity to Benefit from TÜBİTAK 1071 International Research Funds and Increasing Participation in International R&D Collaborations.



Product Groups and Innovations

Product Group	Products/ Technologies	Specifications/Description
Refrigerator - Freezer	FermentStore (Fermentation) Technology	Fermented products are defined as products produced by the addition of natural or initiating cultures from plant and animal products. Fermented foods and beverages are produced by microorganisms and enzymes such as bacteria, yeast, and fungi. Fermented foods and beverages constitute approximately 5-40% of the total food intake, equal to approximately 50-400 grams per person per day. With the increase of fermented food production at home in recent years, products such as yogurt making machines have started to appear in the market. The fermentation feature is offered to users in the fermentation compartment of Vestel Beyaz Eşya's 4-door puzzle refrigerator, which can ferment 7 different foods. The product also offers distinctive features such as special accessories, lighting and screen designs specific for this compartment.
	CrystaLight (UV-A and Photocatalytic Filter Technologies)	During the storage of food in refrigerators, bad odour molecules and volatile organic compounds (ethylene, etc.) are formed, with an increase in the amount of bacteria present. These substances reduce air quality and pollute the air inside the refrigerator. The state-of-the-art special photocatalytic filter, inspired by the cleansing effect of sunlight, cleans the air inside the refrigerator. The special titanium dioxide (TiO ₂) coated filter is activated by UV-A light and creates hydroxy radicals on the filter's surface. With these hydroxy radicals, bacteria, viruses and malodour molecules are broken down and transformed into harmless molecules such as water and carbon dioxide. The CrystaLight Technology was put into use in the combi refrigerator models in 2019. The product's 95% odour removal and 99.99% antibacterial properties have been registered by an independent laboratory.
	CrystaLight (UV-A and UV-C Technologies)	The special titanium dioxide (TiO ₂) coated filter is activated by UV-A (365 nm) light and creates hydroxy radicals on the filter's surface. With these hydroxy radicals, bacteria and malodours. Molecules are broken down and transformed into harmless molecules such as water and carbon dioxide. The use of UV-C Light Technology will ensure that Daylight Technology has a more rapid effect on microorganisms and is also effective on viruses.
	Hygiene Mode	Air inside the refrigerator is cleansed at a higher rate with the operation of Active Ion Technology by selecting the hygiene mode on the refrigerator screen. This selection also ensures the removal of unpleasant odours.
	Dual Control (Either Fridge or Freezer) Technology	A new generation refrigerator that can be used either as a freezer or as a fridge in line with the consumer needs. R&D studies have been completed for this feature, which is planned to be offered to users in the 60 cm single-door refrigerator with the new generation No Frost Multi Cooling system.
	Convert Zone (You Have the Control) Technology	Technology which allows the freezer to be set as a fridge to allow for increased cooler volume in line with the needs of consumers, for the space to be used as a fridge or a freezer, and to be completely turned off when not needed. R&D studies are being carried out to rollout this technology, which has been put on the market for 70 cm wide refrigerators, to the 84 cm double-door Top Freezer refrigerators with the new generation No Frost Multi Cooling system.
	MaxiFresh Plus Technology	The isolated vegetable compartment and Humidity Filter feature offered with the MaxiFresh Plus Technology keeps fruit and vegetables fresh for up to 30 days. This technology has been put into use in the 60 cm combi models.
	Turning Shelf Technology	A 360-degree rotating tray in the Turning Shelf mechanism allows food items placed at the rear of the uppermost shelves to be accessed more easily.
	Smart Technology	The remote access module on the refrigerator allows users to access and control the unit remotely. In addition, users receive instant notifications through the application in situations such as when the door is left open, which would risk spoiling of food inside the fridge, allowing timely intervention. Smart Technology has been introduced in the double-door refrigerators with IMD screens.
	4 Door Refrigerators with New Generation No-Frost Multi Cooling System	With the new generation No Frost Multi Cooling system developed in the 84 cm and 91 cm wide 4-door refrigerator development project, an independent air cycle is created, preventing odours from mixing with each other while at the same time ensuring that food can be stored for a longer period of time. The 4 doors provide a great deal of convenience to users during the loading and storage of food. The project will bring an array of features to users, such as LED lighting, crisper humidity control, multizone and automatic ice dispenser integration.
	Vertical Freezer Projects	A new vertical freezer product family will be commissioned with 54 cm and 60 cm wide and 144 cm, 155 cm and 175 cm high models, with No-Frost and Static cooling systems. Basket and flap features as well as features such as quick cooling trays and icematic ice dispenser will also be available as options.

R&D at Vestel Beyaz Eşya

Product Group	Products/Technologies	Specifications/Description
Washing Machine	New European Energy Regulation Compliant Product Range	High energy efficiency washing machine and washer dryer product family developed in accordance with the new Labelling and Ecodesign Directives which entered force in Europe in 2020.
	Low Depth BLDC Washing Machine Range	Washing machines with low depth BLDC motor technology with 6 kg, 7 kg and 8 kg load capacities.
	T Series Smart Product Range	Production of remote access products in the fully renewed T series washing machine product range, which stand out with their stylish and user-friendly features, has got underway. The T series product range includes a wide selection of units, including washing machines with load capacities from 4 kg up to 12 kg and washer-dryer products with washing capacities of 7-10 kg and drying capacities of 5-6 kg, with a range of interface and remote access options.
	The 1600 Spin Washing Machine with 8 kg Load Capacity	The 1600 rpm low depth washing machines, with a load capacity of 8 kg, offer silent washing and spinning, and also stand out by using 40% less energy than A+++ products.
	The 1400 Spin Washing Machine with 12 kg Load Capacity	A washing machine with a 1400 rpm and 12 kg capacity, combining high speed with high capacity.
	Washing Machine Range with Steam Technology	A wide product range offering superior steam technology which ensures hygiene and crease removal, provided in 6 kg, 7 kg, 8 kg, 9 kg and 10 kg load capacities. With Steam Technology, clothes are cleaned more deeply and hygienically, with wrinkles effectively reduced and bad odours removed without needing to get the laundry wet.
	Washing Machine Product Range with Daylight Technology	Product range with 8 kg, 9 kg and 10 kg load capacities which removes 99.99% of bacteria with Daylight Technology.
	Intellicare Washing Machine	Intellicare washing machine with one-touch washing, touch screen, remote access feature and automatic dosing system.

Product Group	Products/Technologies	Specifications/Description
Tumble Dryer	Tumble Dryers with Inverter Motor Technology	Tumble dryers with Inverter Motor Technology with 7 kg, 8 kg and 9 kg capacities. These high efficiency products stand apart in the market with their A+++ energy rating.
	Heat Pump Tumble Dryer with Record Fast Program Time	Tumble dryers, which have two quick drying programs in all models, are designed in harmony with Vestel Beyaz Eşya's washing machines with the fast wash feature. Thus, users will be able to wash and dry their laundry in less than half an hour.
	T Series Tumble Dryer Product Family	Production of the fully renewed T Series tumble dryer product range, which stands out with its stylish and user-friendly features, has got underway. The T Series product family includes a wide range of products including 7-8-9-10 kg capacity heat pump and condenser tumble dryers with a range of interface and remote access alternatives.
	New Platform Development Project with Natural ION-Tech Technology	Studies into ION-Tech Technology were carried out in 2019 and the technology was integrated into T Series platforms. With this feature, which is offered in heat pump models, users will be able to expel unwanted odours such as cigarette smoke from their clothes. In addition, the technology allows hygienic drying thanks to its ozone technology. In tests carried out in the Ekoteks Laboratory, the technology was found to destroy 99.99% of bacteria.
	Pearl Odour Technology	With Pearl Odour Technology, fragrance capsules, which infuse laundry with a pleasant fragrance during drying, have been designed and integrated into both heat pump and condenser tumble dryers.
Cooking Appliances	INNIT Application in Built-in Ovens	Innit is a smart kitchen application which allows the user to experience the best cooking at a professional level (UX) in his/her kitchen at home and guarantees the cooking result. Unlike traditional oven cooking methods (single function, specific time and temperature), all of the oven's cooking functions use a smart algorithm to achieve the best cooking result.
	100x60 cm Range Cooker Product Family for Crowded Families with 3 Different Cooking Volumes, 1 Drawer and 7 Different Hotplates	With this project, a cooking appliance with three separate cooking compartments will be developed for the first time and all compartments will be able to operate at the same time. In addition, for the first time, a cooking configuration with 7 burners will be used, one of which being a wok burner with a power of 4 kW. As the new cooker will be larger and heavier than other cooking appliances produced by the Company, it will provide new gains in terms of packaging and packaging tests.
	60 cm and 78 cm V-Flex Induction Cookers Providing Independent Control in Each Area (8 Different Areas)	Flex induction product family that automatically detects the pan size and only heats the required part of the burner, also providing convenience to users with its ready-to-cook functions.
	Entry Level and Mid-Segment Steam Supported Built-in Ovens	The positive effect of steam on baking, especially in pastries, has long been proven. With the work done in the project, steam support will now be offered not only in high-end products but also in the mid- and entry segments. This option will allow the baking of pastries and breads which are fluffy on the inside and crispy on the surface.

R&D at Vestel Beyaz Eşya

Product Group	Products/Technologies	Specifications/Description
Dishwasher	24 Inch Dishwashers with BLDC Washing Technology for the North American Market	Energy-efficient products have been developed for the North American market (USA and Canada) in accordance with the requirements of the market. The products developed meet special needs in terms of size and safety requirements.
	45 cm “Slim” Type Dishwashers with Asynchronous and BLDC Washing Technology for the North American Market	Entry-level and high-end energy efficient products have been developed for the North American market (USA and Canada) in line with the market requirements. The products developed meet special needs in terms of size and safety requirements.
	Dishwashers Offering More Hygienic Washing with UV-C Technology	Dishwashers which can perform more hygienic washing are designed with the UV-C Technology developed in addition to the Ion Technology which removes unpleasant odours from dirty dishes.
	A-Series Smart Dishwashers with Remote Access Technology	During the development of the A Series, a new range of freestanding products, preparations were made to develop remote access products and IoT features, and remote access technology was added to the products to make them smart.
	New I Series Built-in Product Family	The total number of models of built-in products in dishwashers has quadrupled with this product range. In preparing new products, a comprehensive product range was obtained with the addition of the features and functions demanded by the market.
	New Square Metal Filter in 45 cm Products	The existing metal filter in 45 cm dishwashers was improved and a new filter consisting partly of metal and partly of plastics was developed and a cost-efficient alternative was created. Designs have also been developed to positively affect product performance.
	User information Light Technology (Infoled 2.1) on Kitchen Floor in 45 cm Built-in Products	Built-in products are products which do not contain any information screens when viewed from the front, and can be hidden in kitchen cabinets. The user may not clearly understand which stage the program is running on, or when it will be completed. A dishwasher with Infoled 2.1 Technology, which informs the users of the stage of the program with red and green LED lighting, has been developed in fully built-in dishwashers. The user will be able to see the program step through lighting reflected from the floor when the feature is activated.
	Machine Cleaning Program (Self Clean)	Dishwashers need to be cleaned periodically. A special cleaning program has been developed for this purpose. When the machine is empty, the inside of the machine is cleaned hygienically through operation with or without detergent.

Product Group	Products/Technologies	Specifications/Description
Air Conditioner - Water Heater	Air Conditioner with UV-C Technology	A number of scientific studies have demonstrated that UV-C rays with a wavelength of 254-275 nm are the most effective ultraviolet rays in killing bacteria. Indoor inverter air conditioning units using Vestel's Daylight Technology contain a UV-C hygiene system which can remove bacteria, viruses and microorganisms brought to the surface of the heat exchanger (exchanger) with the ambient air absorbed. This system not only provides healthy ambient air by improving indoor air quality, but also keeps the heat exchanger surface of the indoor unit clean. The function can be activated or deactivated by pressing an "automatic cleaning" button on the remote control.
	UV-C Hygiene Kit	A UV-C hygiene kit compatible with many brands has been designed which can work with indoor cassette type-duct type air conditioning units.
	Full Series Inverter Air Conditioning Units with Remote Access	All Inverter air conditioner models will be produced using remote access technology.
	Inverter Air Conditioner Range for the Egyptian Market	An inverter air conditioner product range developed for the Egyptian market.
	On-off Air Conditioner Range for the Middle East, North Africa and CIS Markets	15 different on-off air conditioning unit projects, the equivalent of previously outsourced air conditioners, have been commissioned within the scope of international sales projects.
	Easy Bill (Smart Billing) Air Conditioner	The Easy Bill Inverter Air Conditioner warns users of their quota. With this system, which can be integrated into Vestel's mind of the house application, consumers are informed of approximately how much electricity they have consumed in TL terms.
	Bottom-Controlled Water Heaters	In line with the goal of maximizing energy efficiency and product diversity in domestic and international markets, the bottom-adjustable water heater, which will include smart applications, will be added to the product range.
	New Square and Cylindrical Water Heater Projects	A low-cost square water heater design has been developed to suit the aesthetic needs of the market.



Vestel Beyaz Eşya offers its products to millions of consumers through Vestel Group's strong sales and distribution organization in domestic and foreign markets, which is managed by proactive strategies.



New Horizons in Customer Experience

Vestel Beyaz Eşya offers its products to millions of consumers through Vestel Group's strong sales and distribution organization in domestic and foreign markets, which is managed by proactive strategies.

Vestel Beyaz Eşya's sales and marketing activities in the domestic and international markets are carried out by Vestel Ticaret AŞ ("Vestel Ticaret"), a wholly-owned subsidiary of Vestel Elektronik.

International Sales

Vestel Beyaz Eşya has structured its sales strategy in international markets on two different axes:

- Sales to A-brand manufacturers, distributors and retail chains as an ODM provider,
- Branded product sales under local brands owned by and under global brands licensed by the Vestel Group.

In addition to expanding its customer portfolio, for which the ODM service is provided, Vestel Beyaz Eşya also aims to enhance its brand penetration and market share in international markets through product sales under the local brands acquired in Europe by Vestel Ticaret, and through the global brands licensed by Vestel Ticaret.

In line with its profitable growth strategy, Vestel Beyaz Eşya is increasing the share of mid- to high-end products in its sales mix.

Vestel Beyaz Eşya carries out its sales and marketing activities in the European market through the local sales and distribution network of 9 foreign trade offices under Vestel Ticaret. The European sales and distribution network consists of the foreign trade offices located in France, the UK, Germany, Spain, the Netherlands, Poland, Russia, Kazakhstan and Romania. The sales and marketing activities in the Middle East, the Gulf and Africa regions are carried out by Vestel Electronics

Gulf DMCC, which Vestel Ticaret established in Dubai in August 2017. The sales and marketing activities in other foreign markets are carried out directly by Vestel Ticaret.

Vestel Ticaret acquired the rights for the development, production, sales and marketing of Sharp branded household appliances for the European market under the brand licensing agreement signed in September 2014. As of January 1, 2015, Vestel Ticaret has become the exclusive distributor of the Sharp branded household appliances in Europe, which are manufactured at Vestel Beyaz Eşya's factories and at the Sharp Corporation's plants in Asia. Expanding the range of Sharp's products for the European market with washing machines, dishwashers, cooking appliances and tumble dryers developed specifically for the Sharp brand, Vestel Beyaz Eşya has strengthened its presence in the European market with this agreement and is also progressing in line with its goal of increasing its branded product sales in this market.



New Horizons in Customer Experience

The scope of the brand licensing agreement signed with the Sharp Corporation, which is valid until the end of 2024, was expanded to include the development of a family of smart products for the product range of six household appliances (refrigerators, washing machines, dishwashers, electric ovens, tumble dryers and wall-type split air conditioner units) for the European market.

In 2020, Vestel Ticaret AŞ acquired the trademarks White Knight and Hostess belonging to Crosslee PLC, a major player in the UK white goods market. With this acquisition, the Company is expected to further strengthen its position in the UK market.

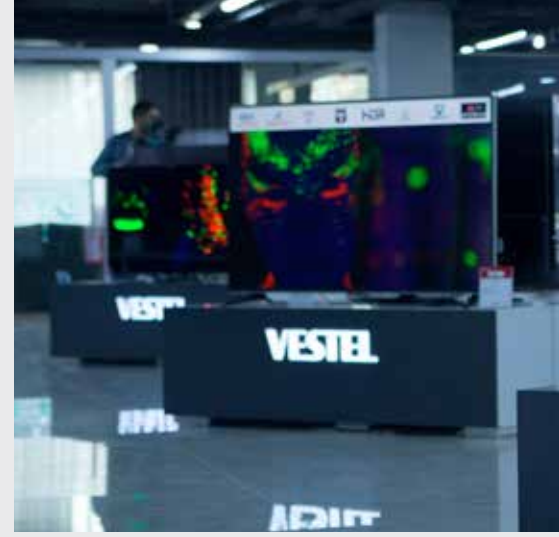
Maintaining its rapid growth in the Eastern European market, Vestel Beyaz Eşya exports to Africa, the Middle East, Australia, Asia, Oceania and South America as well as to Europe and unwaveringly presses ahead with its efforts to expand its export markets in order to seize opportunities for growth, especially in the Sub-Saharan region, India, Australia and the American continent. Vestel Beyaz Eşya started exporting dishwashers and mini smart ovens to the North American market for the first time in 2020.

Domestic Sales

The superiority of Vestel Beyaz Eşya's product range in terms of quality and diversity is complemented with the strong distribution network of Vestel Ticaret, which provides an important competitive advantage for the Company.

Vestel Beyaz Eşya reaches a wide range of customers in the domestic market through Vestel Ticaret's domestic sales organization, which comprises 1,073 Vestel stores (including 21 Vestel Ekspres stores), 748 Regal sales points (of which 224 are exclusive Regal stores), 9 Vs Outlets and online stores (emagaza.vestel.com.tr, vsoutlet.com.tr and regal-tr.com) as well as through

The superiority of Vestel Beyaz Eşya's product range in terms of quality and diversity is complemented with the strong distribution network of Vestel Ticaret, which provides an important competitive advantage for the Company.



household stores, hypermarkets, discount stores, electronic retailer chains and e-commerce websites.

In addition to the physical distribution network, Vestel, as the first consumer durables brand to sell products online, also reaches consumers via its e-store, emagaza.vestel.com.tr. The website, where all Vestel products are offered for sale in a virtual environment, attracts attention with its user-friendly design. Periodical campaigns and promotions are held regularly for consumers at the e-store. In the virtual environment, products are also sold over vsoutlet.com.tr and regal-tr.com, where Regal branded products are offered for sale.

In line with its online sales strategy, Vestel opened stores in online marketplaces which play an important role in e-commerce in Turkey during 2020 while developing its own corporate online sales channels. With the impact of the pandemic during the year, a wider product range was offered via vestel.com.tr,

regal-tr.com and vsoutlet.com.tr portals, and significant steps were taken towards becoming the preferred sales channel and raising the customer experience in online shopping to a higher level. As of May, the first and fastest delivery application in the sector was introduced with the promise of "delivery in 24 hours" for purchases made from the vestel.com.tr portal. With this application, products are collected by Vestel authorized service providers from the nearest dealer and delivered to the customer within 24 hours. Within the scope of agreements entered into with e-commerce sites, namely N11, Hepsiburada and Gittigidiyor, Vestel is undertaking product sales under Vestel and Regal brands via the online stores opened in those marketplaces.

As of the end of December 2020, www.vestel.com.tr and www.vsoutlet.com.tr had 962,887 and 15,473 members, respectively while www.regal-tr.com had 21,960 members.



Vestel Ekspres – A New Generation Retailing Concept

Vestel brings the convenience of online shopping to retail with Vestel Ekspres stores, which offer a shopping experience through digital screens and fast delivery.

In 2020, Vestel realized a first in the retail sector and launched the small format Vestel Ekspres store concept, which differentiates itself with its digital displays. The Ekspres stores, the first of which was opened in February, are operating at 21 locations as of the end of 2020, mainly in Istanbul, with stores also in Izmir and Antalya. The Vestel Ekspres concept, which is planned to be rapidly rolled out to busy streets throughout Turkey in order to reach consumers at more points, combines the online shopping experience with physical retail, responding to changing shopping habits, saves time by providing the customer with the ability to instantly find the product he/she wants, allows quick comparisons and offers same-day delivery. Vestel aims to develop special digital applications suitable for the new generation retail and offer these to consumers in its Ekspres stores.

Café Vesto: Taking a break in a brand new shopping experience

Reflecting Vestel's vision of directing the consumer electronics and white goods sectors and achieving firsts in Turkey, "Café Vesto" is a concept that brings the café and store together. Vestel has been one of the few such examples in the world and the first brand of its sector in Turkey, having implemented this concept.

The Vestel stores in Beşiktaş, the Zorlu Center and Bahçeşehir in Istanbul, Elvankent in Ankara and Karşıyaka and Alsancak in Izmir are designed with the café concept. In addition, there is also a Café Vesto at Levent 199 in Istanbul, which is the headquarters of the Company. Vestel opened its doors to a new retail experience with its café concept which was developed to provide customers with a better quality, richer and distinct service and to allow customers experience Vestel products as they wish, while they relax.

Café Vesto, where Vestel's "Proudly Domestic" theme is reinforced, mainly offers dishes with a local zest and offers visitors a varied menu.

Vestel aims to spread the retail approach with the café concept, which has been rolled out at seven sales points, to all four corners of Turkey, thus bringing a breath of fresh air to the sector.

The Vestel Retail Academy – The Address of Development in Retail

The Vestel Retail Academy (VRA) continued to provide training activities for the Head Office and dealer channel in 2020 and organized training programs for both Zorlu Holding companies and other companies with its own internal staff of trainers. 74% of the training offered during the year was provided by the staff trainers.

In addition to these training programs, the VRA initiated Leader and Effective Team Player Training programs in a modular structure for white-collar employees of Vestel together with Sabancı University, Boğaziçi University and Yıldız Technical University. The VRA also organized the Vestelektüel Training Program for white-collar employees in specialist and assistant specialist positions, where different disciplinary fields come together.

The 5-day "Sales Camp" program continues to be provided to store staff. Due to the pandemic, the program was moved from the classroom to an online environment. The Online Sales Camp training program, which was provided by internal trainers and using videos taken by the store team, ensured development continuity for store staff.

Apart from these training programs, online training programs were provided to students carrying out an internship at Zorlu Holding during the summer months of 2020.

VRA opened 170 classes during the year. With 89 different training programs for 3,553 employees from the Head Office and the dealer channel, Zorlu Holding and other companies, a total of 14,889 man hours of training was provided.

New Horizons in Customer Experience

In addition to standard online-based (vpa.com.tr) training, the Good Idea Successful Application project, which was initiated with 10 stores as a pilot in order to be in constant communication with the field personnel, draws on the knowledge and experience of field employees and encourages them to share good ideas and successful practices in the areas they are specialized in. The project aims to enable store employees to share ideas and practices which they believe will increase customer loyalty and sales, improve business performance or create a common retail culture, and perpetuate online information and experience sharing.

The Vestalks project is aimed at developing employees in both business and social areas with inspiring speeches by the experts from different disciplines.

The Vetoks project is a training program specially designed for managers and senior employees, and is geared towards the private lives of managers rather than their business competencies. This program, in which all executives may attend, is aimed at supporting personal development rather than professional development, offering content which brings many benefits for managers from health to nutrition, meditation and drama.

Apart from these projects, in-house professional coaching training programs have been organized so that employees in responsible positions can transfer their experience to others who they work with using scientific methods. Employees who complete the in-house coaching program are included in the Praktikum (advanced coaching) training, which is a continuation of the program.

Continuously Raising Vestel's Customer Promise in After-Sales Services

Vestel's after-sales activities are carried out by the Vestel Customer Services General Directorate (Vestel Customer Services). With the call center located in Vestel City, 352 authorized service points providing services nationwide, the Central Services located at four locations in three provinces, three güVENUSsü (trust-VENUS-base) and three mini güVENUSsü centers that provide services for the Venus smartphones and Vestel tablets, one SDA base to serve small domestic appliances, and the technical and training units and field operations managed through the four Regional Directorates, Vestel Customer Services promises a unique customer experience with the mission of providing services that transform expectations into satisfaction and satisfaction into appreciation and trust.

Vestel Customer Services continues to make a difference in the sector with its pioneering projects in after-sales services.

Having proven its success with top prizes in the world and held up as an example in its sector in Turkey, the Vestel Call Center works towards the goal of getting "A THANK YOU" (Bİ TEŞEKKÜR) by leaving a good impression on each customer with its approach of sincere communication which touches the hearts of the customers. In addition to phone calls, the Call Center voice response system, the Vivacious (Capcanlı) support chat channel, the mobile assistant application, the Vestel website, the WhatsApp channel, the social media, the Venus support line and Çözümü Var website are also available for customers, so they can access customer services from the channel of their choice, at any time of their choosing. On the one hand, technological developments related to infrastructure are closely followed up and digitalization is rapidly

Vestel Customer Services continues to make a difference in the sector with its pioneering projects in after-sales services.

implemented through pioneering projects which set the company apart. On the other hand, efforts are taken to ensure that the communication process is not robotic.

The Vestel Call Center provides call center services not just for the Vestel brand, but also for Zorlu PSM, Vestel Germany, V-taksit, Zorlu Tekstil and Zorlu Santral. The high standards of the Vestel Call Center have been recognized with the "Best Remote Call Center" Award within the scope of the 13th Turkey Call Center Awards organized by IMI Conferences in November 2020.

Working in coordination with the factories, technical teams at Vestel Customer Services, help provide customers with quality products in line with the effective user tests and feedback received from the customers and stakeholders for new products to be launched within the scope of product development and improvement activities.

The Spare Parts Planning & Supply and Spare Parts Warehouse units located in the Electronic Factory area work on the planning, ordering, procurement, storage and shipment of spare parts in line with the goal

The first female technicians began to work on the International Women's Day, on 8th of March in 2019. A total of 58 women technicians had been trained by the end of 2020.



of providing the fastest service to customers.

Four Central Services were established in three provinces by Vestel Customer Services, to act as a role model for authorized service providers serving customers in the field. The Central Services support the field with training, inspection and rapid spare parts supply. Central Services also work in a co-ordinated manner with central technical units in new product testing.

In order to improve the coordination between authorized service providers, factories and dealers, four Regional Directorates operate in the field and service operation specialists work at these directorates.

Vestel Customer Services, which ensures that all processes are carried out meticulously, accurately, quickly and reliably while targeting continuous improvement, was entitled to retain its ISO 9001: 2015 Quality Management System and ISO 10002: 2014 Customer Satisfaction Management System certification which it has held since 2014 following a 3-day successful audit conducted by the TSE in 2020.

Projects which set Vestel Customer Services Apart

Women Technicians Project: The project began in March 2019 with the participation of volunteers from female employees who work as specialist customer representatives at authorized service providers.

The objectives of the project are as follows:

- Placing women employees as assembly technicians at authorized service providers, to raise the quality of the work and satisfaction rate among customers,
- To attract female technicians, which are rare in the sector,
- To contribute to the employment of women.

Voluntary female technician candidates receive technical training provided by the Service Academy instructors in workshops. They complete their training program, which lasts approximately 2 weeks, in the cooling, cooking and washing product groups. At the end of the applied training, application examinations are carried out. Those

who pass these examinations begin their duties as technicians. The first female technicians began to work on the International Women's Day, on 8th of March in 2019.

A total of 58 women technicians had been trained by the end of 2020. Efforts to increase the number of women technicians and to provide sustainable services are ongoing.

There is a Solution (Çözümü Var): The solution portal "There is a Solution For Everything" is a website project that includes all information and solution content for customers regarding the products. With the website created, customers can access information and solution videos and user manuals for each product, thus solving problems they may encounter when using the products, submitting breakdown and assembly requests at any time and communicating with the call center through written channels. In the next phase of the project, which offers customers self-service and ease of use, the website will be expanded to include informative content for the field employees and Vestel Customer Services.

New Horizons in Customer Experience

The Vestel Service Academy

In order to provide a flawless experience in after-sales services, the Vestel Service Academy has been operating within the Vestel Customer Services since 2012 for regular and continuous training and development of all service teams such as authorized service technicians, customer representatives and authorized service center managers. The Academy provides 18,000 man-days of training per year in a wide array of educational modules through various training methods, including digital and live broadcasting. The Vestel Service Academy, which has won awards on many national and international platforms, achieved a first in Turkey when it was awarded the ISO 29990 Certificate, proving the quality of its education programs at international standards.

The Vestel Service Academy ranked first with the "Fault Codes Application" project in the KALDER Successful Team of the Year Awards 2020 competition, which plays a role in the spreading quality awareness and teamwork among enterprises, and received the Golden Award.

Vestel's Corporate Brand and Communication Strategy

The concept of "Turkey is Vestelized" and "Proudly Domestic" form the basis of the communication strategy that sets out the goals, vision and mission of the Vestel world.

The elements that shape this concept are to make people's lives easier with the products produced by Vestel, Turkey's domestic brand producing high-tech to world standards, its wish to bring the state-of-the-art technology into every home and to provide the very best to consumers with the products it manufactures. In this vein, the goal is to have at least one Vestel product in each home.

The concept of "Turkey is Vestelized" lies at the heart of the creative strategy. This approach is reinforced by the motto of "Proudly Domestic". From product strategy to the communication approach and from sales campaigns to digital projects, all processes are fed by these two concepts. The greatest pillar of support behind this structure is Vestel City, the company's manufacturing complex - where Vestel proudly produces domestic technologies in Turkey.

The objective of the communication campaign is to bring state-of-the-art technology to all four corners of Turkey by achieving firsts and to become one of Turkey's inspiring brands. Great success has been achieved with the "Turkey is Vestelized" and the "Proudly Domestic" platform, which was launched 6 years ago. While the product categories that were already good were strengthened further, the success of the communication campaign was reinforced with the effect of holistic communication.

The "Turkey is Vestelized" campaign will take a step further with the new message of "Possible With Vestel - Why Not?" in line with the new brand communication strategy in 2021, after having proclaimed its "Proudly Domestic" campaign.

With an awareness of the tremendous role that women play in the cycle of production, sales and after-sales services and in achieving high customer satisfaction, in 2017, Vestel brought women, who are a cornerstone of the company's success, to the heart of its communication and expressed its gratitude to them. This communication path, which was supported in 2018, 2019 and 2020, will evolve into a more technological and pioneering position in 2021 with a new and creative discourse of "Possible with Vestel - Why Not?".

Vestel will continue to set itself apart and build on the momentum it has achieved in its communication and advertising activities in 2021. The company will continue to deliver technology as the main message in its communication activities, while advancing its successful core brand communication in 2019 and 2020 with a new discourse and method in 2021. Vestel will maintain its projects leading the industry in the field of the Internet of Things and its pioneering position in e-commerce in 2021.

The "Turkey is Vestelized" campaign will take a step further with the new message of "Possible With Vestel - Why Not?" in line with the new brand communication strategy in 2021, after having proclaimed its "Proudly Domestic" campaign.



VESTEL

BEYAZ EŞYA



Vestel Beyaz Eşya's sustainability approach is shaped by the goal of a better future based on the foundations of its economic, people-based, environmental and social contribution, in line with the sustainability approach of the Vestel Group of Companies.



Vestel Beyaz Eşya and Sustainability

CORPORATE SUSTAINABILITY MANAGEMENT AND STRUCTURE

Sustainability Approach and Strategy

Vestel Beyaz Eşya's sustainability approach is shaped by the goal of a better future based on the foundations of its economic, people-based, environmental and social contribution, in line with the sustainability approach of the Vestel Group of Companies, of which it is a member. The Company positions sustainability at the heart of its growth and common value creation, in line with its business strategy, which considers all stakeholders and the impact area of Zorlu Group, and which offers innovative solutions by focusing on technology.

As a world brand originating from Turkey, Vestel Beyaz Eşya views respecting the values and the nature of these lands as one of its most important duties and has been managing its work on sustainability in a coordinated and strategic approach since 2016 in line with the "Smart Life 2030" sustainability vision set out by Zorlu Holding, which focuses on the United Nations 2030 Sustainable Development Goals. The Smart Life 2030 vision aims to provide concrete solutions, which are long term in nature and which can be measured, for global economic, environmental and social problems.

At Zorlu Holding, sustainability management is carried out through the Sustainability Committee, which consists of seven working groups, (Corporate Governance, Community Relations, R&D and Innovation, Employees, Environment, Customer Relations and Supply Chain) and is headed by the CFO of Zorlu Holding. Vestel Beyaz Eşya also plays an active role in this Committee through its employees serving in the committee including its mid-level and senior executives. Through these works, the Company focuses on creating

sustainable solutions for a better future, which is driven by technological innovation, protecting the environment and creating benefits for the society. Vestel Beyaz Eşya contributes to achieving the consolidated targets set together with other Zorlu Group companies. The targets can be reached from the link at <http://www.zorlu.com.tr/akillihayat2030/en/home/>.

Given the size of its production capacity, Vestel Beyaz Eşya is aware that improvements in the design of a product can undo a wide array of environmental impacts (such as energy consumption, fuel consumption, reducing carbon emissions arising from transportation, reducing the use of packaging etc.) in the supply chain, production process, during the use of the product and at the end of the product's lifespan as a chain effect. Vestel Beyaz Eşya implements its innovative, environmentally friendly and sensitive approach in line with its sustainability strategy at all stages of its activities. In line with this approach, the Company increases the number of products which hold world records in energy and water efficiency in its product range every year. It minimizes the environmental impact of its activities through its environmental and people oriented production processes.

Vestel Beyaz Eşya aims to reduce the environmental impact of its production processes through using recyclable materials in production, reducing the variety in material use and using less raw materials and monitors its sustainability performance indicators such as energy efficiency, waste reduction, reuse and recycling, limiting or eliminating harmful chemicals.

Vestel Beyaz Eşya views its own development to be equivalent to the development of society. With this awareness, in addition to its contributions to economic and environmental sustainability, the Company is determined to expand its support to social responsibility projects which add value to society

with ample resources, to lead new projects and increase its efforts and contributions towards a better future.

Vestel Beyaz Eşya carries out its sustainability activities by taking into account the needs and priorities of all stakeholders (such as employees, customers, shareholders, suppliers and service providers, public institutions, the community and non-governmental organizations). In 2021, the Company plans to issue its Integrated Report established by the International Integrated Reporting Council (IIRC) and implement an integrated management system while aiming to carry out a materiality analysis, which will cover Vestel Group companies and be carried out by obtaining the views of stakeholders and shareholders. Subsequently, the sustainability strategy adopted by Vestel Group companies and their Environmental, Social and Governance (ESG) policies, the short- and long-term goals, action plans and practices will be reviewed and revised.

Vestel Beyaz Eşya included in the Borsa İstanbul (BIST) Sustainability Index

At the end of 2015, Vestel Beyaz Eşya applied to be voluntarily included in the BIST Sustainability Index, which consists of companies listed on Borsa İstanbul with a high corporate sustainability performance. Having fulfilled the criteria for Borsa İstanbul's Sustainability Index, Vestel Beyaz Eşya was qualified for inclusion in the index for the November 2016-October 2017 period. Being included in the index for four periods and having maintained its compliance with the index criteria in 2020, Vestel Beyaz Eşya will be voluntarily listed in the BIST Sustainability Index in the December 2020 - October 2021 period as well.



Vestel Beyaz Eşya and Sustainability

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

The Environmental Policy and Environmental Management System

Embodying sustainability as a business culture, Vestel Beyaz Eşya has adopted the concept of sustainability and efficiency in all of its operations, production lines and products offered to consumers, while also taking on the protection and improvement of environmental quality as a responsibility to all stakeholders and future generations.

Vestel Beyaz Eşya has held the TS EN ISO 14001 Environmental Management System Certificate since 2010 and the TS EN ISO 50001 Energy Management System Certificate since 2012. In addition, since 2016, it has calculated and verified its carbon and water footprint in accordance with the TS EN ISO 14064 and 14046 standards by employing the services of organizations authorized by TURKAK.

Acting with the vision of minimizing its environmental impact from the supply chain to the end of production processes, and even contributing positively to the environment, Vestel Beyaz Eşya aims to:

- Continuously develop and improve its energy performance with the best practices available,
- Develop energy efficient and environmentally friendly technologies by continuously improving its energy performance,
- Increase the proportion of renewable energy among its sources of energy,
- Carry out work to reduce, reuse, recycle and recover waste,
- Raise awareness of the consequences of environmental impacts, especially the climate crisis, through training, seminars

and visual posters, and ensure that all employees take part in environmental and energy studies,

- Support creative ideas to encourage and improve the use of new technologies,
- Conduct Industry 4.0 studies on the basis of environmental awareness,
- Promote a culture of engagement and innovation among stakeholders to minimize the possible consequences of environmental impacts.

Under its Environmental Policy Vestel Beyaz Eşya is committed to:

- Eliminate waste completely, if possible, using the best available technologies,
- Where it is not possible to reduce the amount of waste, to ensure that resulting waste is separated at its source and work for its recovery, especially for its reuse and recycling,
- Reduce the consumption of natural resources by using recyclable and/or recycled materials,
- Ensure reduction in the use of all natural resources, especially energy and water, by increasing efficiency and by encouraging the use of new technologies,
- Investigate and implement methods to reduce greenhouse gas emissions,
- Develop projects which will reduce water consumption, providing water savings,
- Ensure continuous improvement in terms of environmental protection, prevent pollution and comply with the related environmental legislation and administrative regulations in effect,
- Take consideration of environmental factors in the evaluation of new products, projects and operations, reduce

the use of hazardous substances in product design and production processes in accordance with the relevant European Union Directives (RoHS, Reach etc.) and domestic legislation, and conduct research into the use of less polluting substances and, consequently, limit the use of the six heavy metals (lead, mercury, cadmium, chromium+6, PBB and PBDE) which present a threat to life and the environment in its products,

- Comply with the requirements of the TS EN ISO 14001 Environmental Management System standards, and effectively implement these standards by continuously reviewing them and integrating them with other management systems and allocating adequate and appropriate resources accordingly, and
- Continuously develop its Environmental Policy in line with the new objectives and targets determined each year.

Vestel Beyaz Eşya manufactures all of its products in accordance with the Restriction of Hazardous Substances Directive (RoHSDirect), which limits the use of the six heavy metals which present a threat to life and the environment. It does not use lead-containing solder in electronic cards and the electrical components of its products, and takes care to ensure that the gases it uses in refrigeration products are ozone- and climate-friendly.

Moreover, when procuring raw materials, Vestel Beyaz Eşya pursues the principle of "reuse" for the use of nylon and separators in addition to the use of smart box, thereby reducing its packaging waste and minimizing the environmental impact of packaging.

These activities are carried out by the Management System and Customer Relations Directorate within the Company. The Management Systems and Customer Relations

In 2021, Vestel Beyaz Eşya aims to complete its work on determining its Science-Based targets, as suggested by the UN Climate Change Conference of the Parties to reduce its environmental impacts.

Manager undertakes environmental management through Vestel Beyaz Eşya Environmental Officer and Environmental Management Representative. In 2020, the structure of the Environmental Team established within Vestel Beyaz Eşya within the scope of ISO 14001, was updated and a wider structure was established in the form of the Environmental Coordination Group. The Environmental Coordination Group, which held its first meeting in February, established the foundations of the sustainability structure with volunteers from each plant and each unit. Although the Group was unable to carry out its planned work in 2020 due to the unexpected pandemic, it continued to communicate online throughout the year and formed the necessary basis for the work to be carried out in 2021.

Within the scope of Zorlu Holding's Smart Life 2030 sustainability vision, Vestel Beyaz Eşya representatives are also present in 7 different working groups (The Environment, Community Relations, R&D and Innovation, Corporate Governance, Employees, Customer Relations and the Supply Chain) established under the Zorlu Holding Sustainability Committee. Within the framework of the goals of these working groups, Vestel Beyaz Eşya undertakes to observe the health and safety of all its stakeholders, especially its employees, customers and those affected by its activities, products and services, and to protect the environment and natural life on behalf of future generations in all of its activities within the framework of sustainable development principle. It aims to implement and develop lean and proactive environmental and

energy management systems. The Company is committed to continuing its activities within this framework and allocating sufficient and appropriate resources to these studies. Vestel Beyaz Eşya also works to integrate its sustainability goals into the business strategies. An annual management review meeting is held to evaluate environmental risks and opportunities with the senior management, and the decisions taken are integrated into business goals and strategies.

Vestel Beyaz Eşya's environmental reports cover the Company's production facilities. Vestel Beyaz Eşya regularly observes, analyses and records the environmental outputs and changes in its 7 factories. In this context, various reporting is carried out on a monthly and annual basis. The Company, which monitors wastewater pollution analysis, energy and water consumption, water and carbon footprints, diesel usage and hazardous and non-hazardous waste amounts on a monthly basis, states this information in its monthly assessment report within the scope of environmental legislation. Apart from the reports and notifications released in accordance with the legal requirements, the Company voluntarily calculates its carbon and water footprints and reports these values and related policies through the CDP (Carbon Disclosure Project).

Vestel Beyaz Eşya uses environmental monitoring and measurement follow-up programs to collect and calculate environmental data. Data on energy and water consumption is tracked from invoices and waste is tracked from the record system. In accordance with legal requirements for air

quality, emission measurements are carried out every two years. In addition, direct greenhouse gas emissions and indirect greenhouse gas emissions from the generation of purchased energy are verified every year in accordance with the TS EN ISO 14064-1 Standard. In 2021, Vestel Beyaz Eşya aims to complete its work on determining its Science-Based targets, as suggested by the UN Climate Change Conference of the Parties to reduce its environmental impacts.

Vestel Beyaz Eşya offers various incentives to support the management of environmental issues, including the realization of its goals. At the end of the environmental training provided to all employees, employees are asked to share their ideas for improvement with the Environmental Management System team. Vestel Beyaz Eşya has been implementing a reward system for employees working on the assembly lines since 2019, where assembly units are given points when they achieve their defined goals for the specified environmental performance indicators, and are ranked among themselves at the end of each month. With the ranking, Vestel points are awarded to the units which rank in the top 3, and all employees can collect these points and receive gifts which they select from the reward catalogue.

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

Collaborations in Environmental Issues

Vestel has been actively involved in the TÜSİAD Environment and Climate Change Working Group since 2019. In addition to the main working group, the company started to take part in the newly established Circular Economy Sub-Working Group in 2020 and aims to participate in the Policy Development Sub-Working Group, which is planned to be established in 2021.

Vestel Beyaz Eşya has been following the “The European Green Deal”, the most important output of the United Nations Climate Summit held in December 2019, from day one and actively participates in policy development processes. In this vein, in 2020, it started to take part in the activities of the TÜSİAD EU Green Deal Task Force where it represented the sector.

The Smart Life Academy Program, initiated by Zorlu Holding in cooperation with the Boğaziçi University Lifelong Education Center (BÜYEM) in 2019 in order to contribute to the development of the sustainability vision at Zorlu Holding and Group companies, continued in 2020. Vestel Beyaz Eşya employees also attended the program. The program continues to be developed every year, covering a wide range of topics which will enable the development of the sustainability vision, from global trends and system thinking to the climate crisis, sustainability leadership and the enterprise ecosystem. In addition, Vestel Beyaz Eşya, which is a member of TOBB DTM (Durable Goods Council) and TÜRKESD, took over the Presidency of the TOBB DTM Environment Commission in 2020. In this context, the Company actively followed the harmonization studies

in the environmental legislation, especially GEKAP (Recycling Participation Share), took part in the policy formation processes both by providing its views and by carrying out visits to the Ministry of Environment and Urbanization in the capacity of representing the sector.

Vestel Beyaz Eşya played an active role in the European Union Environmental Legislation harmonization studies, following the “EU F-Gases Project” which ended in 2019 and in 2020 it became a representative of the sector within the framework of the “Current Situation Study for the Preparation of a National Action Plan and Roadmap for Sustainable Consumption and Production” conducted by the UN Environment and the Ministry of Environment and Urbanization of the Republic of Turkey and contributed to the project with its good practices.

In addition, Vestel Beyaz Eşya was selected as a pilot facility representing the sector within the scope of the “Adding Audit Capability to the Waste Declaration System and Improving Waste Management (ABSIS) Project” carried out by the Ministry of Environment and Urbanization and the Middle East Technical University, and took part in the project in the meetings held within the scope of the COVID-19 measures.

Under the leadership of the European Union, the Green Deal, Border Carbon Regulation Mechanism and Circular Economy Action Plan are discussed in detail within the scope of cooperation, along with Vestel Beyaz Eşya’s proactive work on these issues.

CONTRIBUTION TO SDG



Integrated Management System and Certificates

Vestel Beyaz Eşya, which has internalized an organizational culture in accordance with the Total Quality Management within the scope of the Integrated Management System, holds the TS EN ISO 14001 Environmental Management System, TS EN ISO 50001 Energy Management System, TS EN ISO 9001 Quality Management System, TS 45001 Occupational Health and Safety Management System and TS ISO/IEC 27001 Information Security Management System Certifications, and ensures their renewal. A Management System where authorities and responsibilities are documented in order to fulfil the requirements of the standards in the process, to achieve the targets of environment, energy, quality, OHS (Occupational Health and Safety) and ISMS (Information Security and Management System), to reduce production costs, to ensure their continuity, to continuously develop and improve them, has been established with required steps taken to ensure its continuity and development.

Vestel Beyaz Eşya took the necessary precautions with the rapid actions put in place during the pandemic which broke out in the first quarter of 2020, and passed the necessary inspections conducted by the Turkish Standards Institution (TSE) in line with the ISO Standards on tackling COVID-19 to receive the COVID-19 Safe Production Certificate.

CONTRIBUTION TO SDG



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Vestel Beyaz Eşya and Sustainability

Combating the Climate Crisis

Recognizing the climate crisis as one of the greatest threats facing the world, Vestel Beyaz Eşya has started the necessary work to adopt a solution-oriented Climate Change Policy.

Taking firm steps towards becoming a climate-friendly company based on a combination of low-carbon technologies and energy resources, Vestel Beyaz Eşya goes to great lengths to participate in national and international activities related to climate change in order to underline its commitment to this issue and to set an example to its stakeholders.

Vestel Beyaz Eşya participated in the "Climate Change CEO Perception Survey: Response of the Turkish Business Leaders to the Climate Change Project" which was conducted by the Regional Environmental Center (REC) Turkey and supported by the German Embassy. Vestel Beyaz Eşya participated in the meeting held on December 6, 2016 for the general assessment of the United Nations Conference of the Parties on Climate Change (COP 22) and to share the project results with the public. The meeting was held with the participation of approximately 150 people representing public institutions and organizations, local governments, international organizations operating in the private sector, NGOs, academia and the media.

In its "Statement on Combating Climate Change" submitted to the survey, Vestel Beyaz Eşya set out the following commitments:

- To maintain environmental protection as a priority at all levels of the Company by deploying technologies which will ensure lower levels of pollution during production, and
- To manufacture environmentally friendly products with high energy efficiency, reduced water consumption and lower carbon

emissions and comply with the legal requirements in the process of combating climate change.

CONTRIBUTION TO SDG



The Carbon Footprint and Carbon Disclosure Project

With an awareness of the importance the climate crisis has gained in today's world, Vestel Beyaz Eşya has undertaken the commitment of reducing its carbon footprint in all of its processes and to integrate this awareness into all business practices.

Vestel Beyaz Eşya prepares its annual Carbon Footprint Report in accordance with the GHG (Greenhouse Gas) Protocol Standards and ISO 14064-1 Standard. Carbon footprint study limits are determined within the scope of the "Control Approach" methodology. Sources of greenhouse gas emissions are determined, amounts calculated and reported in detail within the defined system limits set out in the terms of Scope 1 Direct Emissions, Scope 2 Indirect Emissions from the generation of purchased energy and Scope 3 Other Indirect Emissions.

Since 2016, Vestel Beyaz Eşya has been calculating its annual carbon footprint on an institutional basis in accordance with the ISO 14064-1: 2006 Standard and upon approval of this calculation by an accredited organization, the Company successfully completed the "ISO 14064-1 GHG Emissions Verification and Validation" process.

Vestel Beyaz Eşya is committed to reducing its negative impact on the environment in all areas. Within the

scope of Smart Life 2030, the Company contributes to Zorlu Holding's target of reducing the ratio of carbon emissions to turnover by 15% by 2022, taking 2017 as the base year.

In addition to greenhouse gas emissions, Vestel Beyaz Eşya's activities cause various emissions as a result of its production processes. Within the scope of the Industrial Air Pollution Control Regulation, the Company is required to have an emission measurement carried out every two years. Vestel Beyaz Eşya carried out routine emission measurements in 2020 through an accredited organization assigned through MELBES, the new application of the Ministry of Environment and Urbanization. 152 dust measurements at a total of 152 chimneys, 127 VOC (Volatile Organic Compounds) measurements, 23 combustion gas measurements, 2 heavy metals and 2 total fluoride measurements were carried out and the results remained within the limits specified in the Regulation.

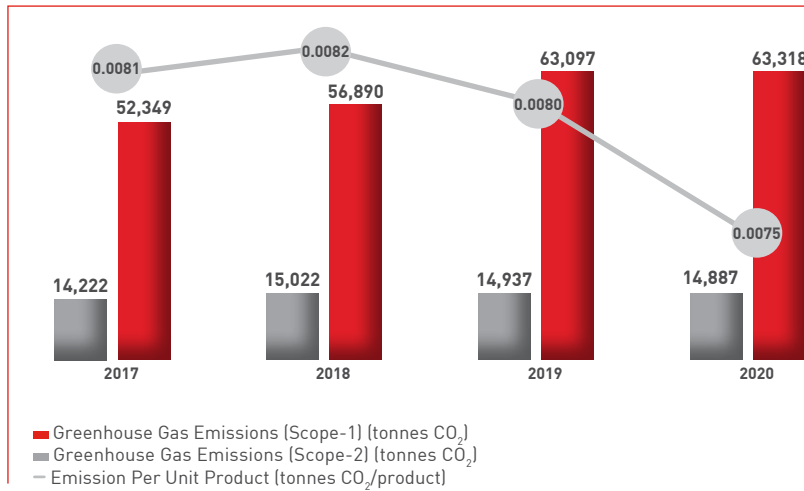
Vestel Beyaz Eşya is committed to ensuring the continuity of its greenhouse gas monitoring and environmentalist approach with the improvement efforts to be carried out every year.

Environmental Indicators - Greenhouse Gas Emissions

	2017	2018	2019	2020	2020/2019 Change [%]
Greenhouse Gas Emissions (Scope-1) (tonnes CO ₂ e*)	14,222	15,022	14,937	14,887	(0.33)
Greenhouse Gas Emissions (Scope-2) (tonnes CO ₂ e*)	52,349	56,890	63,097	63,318	0.35
Emission Per Unit Product (tonne CO ₂ e*/product)	0.0081	0.0082	0.0080	0.0075	(5.81)
kgCO ₂ e*/TL turnover	0.0173	0.0126	0.0112	0.0083	(25.78)

*equivalent

Greenhouse Gas Emissions



According to the calculations carried out, 18.7% of the Company's total carbon footprint consists of direct emissions within Scope 1 while indirect emissions originating from purchased electricity and hot water within Scope 2 constitute 81.3% of its total carbon footprint.

Vestel Beyaz Eşya is committed to ensuring the continuity of its greenhouse gas monitoring and environmentalist approach with the improvement efforts to be carried out every year.

Vestel Beyaz Eşya's carbon footprint was verified by accredited organizations for the first time in 2016 where it was determined that the biggest impact was from energy usage. For this reason, the Company accelerated its energy efficiency projects and reduced its emissions per unit product by 5.8% in 2020. Vestel Beyaz Eşya continues to work on maintaining the sustainability of its carbon management projects.

Vestel Beyaz Eşya which considers the pursuit of a transparent Carbon Policy as a key duty, has been reporting to the Carbon Disclosure Project (CDP) since 2012.

Vestel Beyaz Eşya and Sustainability

The Company received a B rating from the CDP Water and CDP Carbon Programs in 2017. In 2018, when there was a general decrease in ratings, Vestel Beyaz Eşya recorded a carbon rating of C and a water rating of B-, and the Company was ranked in the top 20 among 125 companies in the rating ranking. Vestel Beyaz Eşya, which maintained its 2018 scores in 2019, obtained a carbon rating of C and a water rating of B. The data for 2020 will be reported to the CDP in 2021.

CONTRIBUTION TO SDG



Conservation of Biodiversity

Vestel Beyaz Eşya's production facilities are located within the borders of the Manisa Organized Industrial Zone (MOIZ). Organized Industrial Zones are special regions established by clustering industrial facilities together in order to ensure the efficiency of industry and support regular settlement in the city. The inclusion of Vestel Beyaz Eşya in the MOIZ brings an advantage to the Company in terms of waste management and minimizing potential negative effects on biodiversity and keeping them under control.

Due to Vestel Beyaz Eşya's activities within the MOIZ and the presence of only industrial areas within a 2 km radius of the area of activity, a flora and fauna study has not been carried out. The Company commits to comply with the Environmental Law No. 2872 and the regulations issued

in accordance with this law on the measures to be taken for flora and fauna.

The Gediz River, which is the second largest river in the Aegean region, as well as the Nif Stream and Karaçay Stream pass through the area affected by Vestel Beyaz Eşya. The three streams in question are located sufficiently far from the Company's facilities. There are no lakes within the Company's land area. The Muradiye water collection basin is located 15 km from Vestel Beyaz Eşya's activity area.

In Vestel Beyaz Eşya's area of activity, there are no living species that are important for scientific research and/or are endangered or at risk of being endangered, and there are no habitats of species endemic to our country, biosphere reserves, biotopes, biogenetic reserve areas, geological and geomorphological formations with unique characteristics.

As a result of previous studies conducted in accordance with the "Bern Convention", it has been determined that there are no protected species and no endangered flora species in the Company's area of activity.

CONTRIBUTION TO SDG



Environmental Training Indicators

Aiming to increase environmental awareness among all of its stakeholders, especially its employees, Vestel Beyaz Eşya conducts continuous training programs and awareness raising activities so all of its employees can integrate an environmental perspective into their business processes. With each new recruitment, regular on-the-job training is provided to instill general environmental awareness among employees and provide information about the Company's Environmental Management System.

Some training activities at Vestel Beyaz Eşya were suspended from March 2020 due to the pandemic. One-point training continued, with a maximum of three people attending when necessary. While 1,767 employee hours of environmental training was provided in 2019, 315 employee hours of environmental training could be provided in 2020. In addition, training was provided to employees working in the area defined as a scrapyard on the disposal of mask waste, a problem which has surged unpredictably due to the pandemic, as amended by the Communiqué published by the Ministry of Environment and Urbanization.

In line with the Business World Plastics Initiative, which was launched in the first quarter of 2020 and in which Zorlu Holding, the indirect controlling shareholder of Vestel

Vestel Beyaz Eşya monitors the compliance of its products with all legal regulations before production, during the production process and throughout their life cycle.

Beyaz Eşya, was one of the first signatories, two hours of training was provided to the relevant personnel from the R&D units of the 7 plants to discuss what could be done in this context.

During the unforeseen pandemic process, studies have been initiated to provide training in computer-aided environments.

CONTRIBUTION TO SDG



SUSTAINABILITY IN THE PRODUCTION PROCESSES

Sustainability Achievements in Processes and Awards Received

Vestel Beyaz Eşya adopts the same environmental sensitivity in its production processes as it does in its products, and continues to work within the scope of its energy saving targets. In addition to the process improvements undertaken to achieve these goals, new technology is also used where appropriate.

Vestel Beyaz Eşya's efforts were rewarded with the "Grand Industry Award" which the Company received at the Energy Efficiency Awards organized by the Istanbul Chamber of Industry in 2020, given by the Ministry of Energy and Natural Resources in recognition of the Company's "New Generation Panel Condenser ECONF Refrigerator" project.

CONTRIBUTION TO SDG



Compliance with Legal Regulations in Production Processes

Vestel Beyaz Eşya monitors the compliance of its products with all legal regulations before production, during the production process and throughout their life cycle. In order to guarantee the protection of the environment and human health, the Company has established many procedures on the basis of legal regulations and the Management Systems Policy, and ensures and maintains its activities in full compliance with these procedures and legal regulations.

In this context, Vestel Beyaz Eşya fully complies with the following legal regulations for the sector in Europe, in addition to complying with all the national laws, especially the Environmental Law, stipulated by the Ministry of Environment and Urbanization:

- WEEE - Directive on Waste Electrical and Electronic Equipment,
- RoHS - Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment,
- REACH - Regulation of the Registration, Evaluation, Authorization and Restriction of Chemicals,
- Ecodesign Framework Directive for Energy-Related Products,

- Energy Efficiency Law and Regulation on Increasing Efficiency in the Use of Energy Resources and Energy,
- Valid energy label regulations applicable to each product group,
- Environmental Law No. 2872 and related regulations.

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

Water Management and Water Footprint

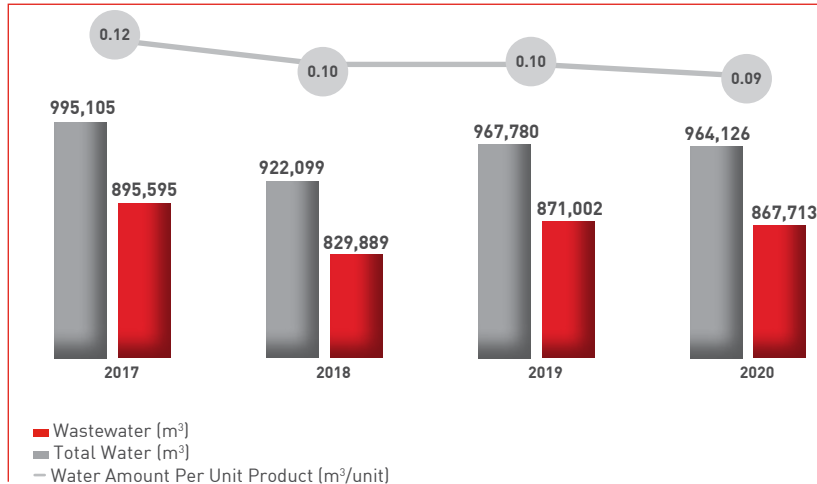
Aware that natural resources are limited, Vestel Beyaz Eşya monitors the water usage in all of its processes and conducts remedial studies to reduce its use of water. In order to meet the rapidly increasing need for water despite diminishing water resources, efforts are underway to develop and roll out water saving models and to recycle water. Vestel Beyaz Eşya supplies the water it needs in its production processes from the Manisa Organized Industrial Zone's mains water and well water.

After calculating its water footprint in 2016, Vestel Beyaz Eşya stepped up the work on its water saving projects. The Company has succeeded in reducing its water consumption per unit product by 24.1% in the last 4 years and by 6.4% in 2020.

Environmental Indicators – Water Consumption and Amount of Wastewater

	2017	2018	2019	2020	2020/2019 change (%)
Total Water (m ³)	995,105	922,099	967,780	964,126	(0.38)
Wastewater (m ³)	895,595	829,889	871,002	867,713	(0.38)
Water Amount Per Unit Product (m ³ /unit)	0.12	0.10	0.10	0.09	(6.37)

Water Consumption and Amount of Wastewater



The Water Footprint is measured by the amount of water used (including evaporation) or contaminated per unit time. The concept of the footprint in water is an important tool in determining the amount of water consumed from the manufacture of

each product and service up until their consumption.

With the consciousness and awareness of the need to use water appropriately for a sustainable future, Vestel Beyaz Eşya calculated its water footprint for 2016 on a corporate basis

in accordance with the “ISO 14046 Water Footprint Standard” which was then verified by Rina, an accredited organization. The Company has met the necessary conditions to receive the ISO 14046 Water Footprint Approval and Verification Certification and achieved another first in its sector. Thus, the Company successfully completed the “ISO 14046 Water Footprint” approval process after the “ISO 14064: 3 Greenhouse Gas Emissions Verification and Approval” process.

After calculating its water footprint in 2016, Vestel Beyaz Eşya stepped up the work on its water saving projects. The Company has succeeded in reducing its water consumption per unit product by 24.1% in the last 4 years and by 6.4% in 2020.

CONTRIBUTION TO SDG



Waste Management

Within the scope of its Environmental Management System goals, Vestel Beyaz Eşya has established a Waste Management System, placing priority on preventing and reducing the generation of wastes, and, where this is not possible, recovering and recycling wastes.

The wastes generated at various stages of production are collected under separate conditions at source and sorted into hazardous and non-hazardous waste, left in transfer areas and transferred to the temporary waste storage area defined as a scrapyard. How these processes work is explained in detail in the QDMS System, which is accessible to all, under the heading of instructions. All wastes are sent to the licensed waste companies in accordance with the Waste Control Regulation.

Vestel Beyaz Eşya accepts its responsibility to the environment, particularly in respect to waste generation, and has planned its waste management process in a manner which minimizes its impact on the environment. The Waste Management System has been established by considering every unit, every employee and general operation of the factories in order to be applicable and sustainable. In this context, differentiated training programs were provided to employees depending on their units and work items, and the

compliance of these training programs with the functioning was monitored by the "Environmental Team". Thus, units could be audited internally without the need for any additional workforce. Another application in this system was the regular inspection of the companies to which the wastes are sent. Inspections were carried out, including the observation and reporting of where wastes generated are going and the processes which the wastes have undergone. Thus, by minimizing environmental impacts and using natural resources efficiently, Vestel Beyaz Eşya's environmental footprint has been minimized, and an end-to-end waste management model has been put to use.

In order to fulfil the waste reduction target, the Company classifies wastes according to the codes specified in the Waste Control Regulation and records them on a monthly basis. These wastes and their amounts are evaluated in 3-month intervals and annual periods by classifying them under titles such as hazardous, non-hazardous, recycled and recovered, and this data is examined by unit managers in the workshops conducted within the scope of TPM and new reduction plans are put in place by evaluating them with the vision of continuous improvement. Thanks to its successfully implemented Waste Management System, Vestel Beyaz Eşya reduced the total amount of waste per unit product by 3.5% and the

amount of hazardous waste by 9.1% in 2020.

In line with its Zero Waste targets, Vestel Beyaz Eşya has carried out the recycling or recovery of all production-related wastes since 2019, and reached this goal in 2020 by not sending any production-based waste to landfill. The Company, which started working on the Zero Waste System, decided to renew its waste bins to ensure waste separation in employee rest areas, and instead of purchasing new bins, it produced recycling bins using the wastes generated at its factories, with the vision of a circular economy. Recycling bins made from waste washing machine drums and waste refrigerator inner tubs were put on two rest areas under a pilot scheme in 2020. This study is aimed to be implemented in all rest areas in 2021.

Vestel Beyaz Eşya has started auditing its contracted waste facilities in 2019. The Company carried out these audits remotely in 2020 due to the pandemic and audited the compliance of waste companies, which are part of the supply chain, in terms of their environmental, OHS, energy and sustainability performance.

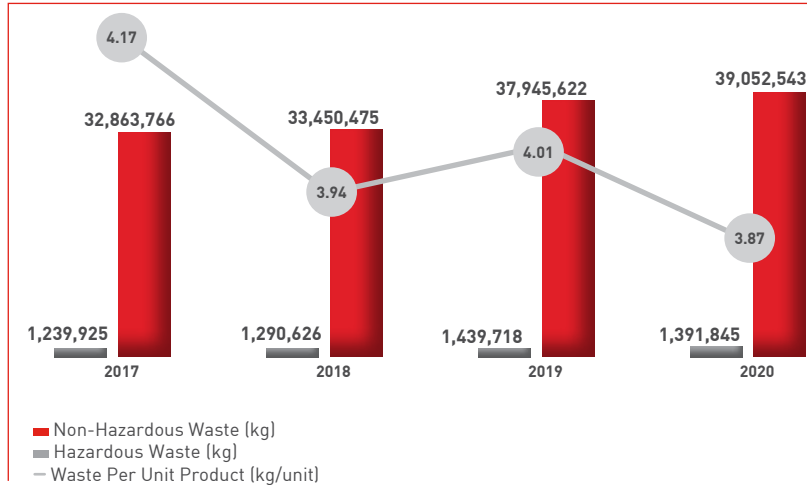
Vestel Beyaz Eşya closely follows the Business World Plastics Initiative, which Zorlu Holding is a signatory to. In this context, it conducts studies on the circular economy in the plastics industry and the reduction of plastic usage.

Environmental Indicators - Amount of Waste Generated

	2017	2018	2019	2020	2020/2019 change [%]
Hazardous Waste (kg)	1,239,925	1,290,626	1,439,718	1,391,845	(3.33)
Non-Hazardous Waste (kg)	32,863,766	33,450,475	37,945,622	39,052,543	2.92
Total Waste (kg)	34,103,691	34,741,101	39,385,340	40,444,388	2.69
Recycled Waste %	96%	98%	97%	94%	(2.68)
Waste Per Unit Product (kg/unit)	4.17	3.94	4.01	3.87	(3.49)

Vestel Beyaz Eşya and Sustainability

Amount of Waste Generated



CONTRIBUTION TO SDG



Energy Management and Energy Efficiency

Vestel Beyaz Eşya became the first company in the sector to receive the TS EN ISO 50001 Energy Management System Certificate in 2012, as a result of its efforts to protect the environment, reduce greenhouse gas emissions, use resources efficiently and reduce energy costs. In 2020, it completed its TS EN ISO 50001-2018 adaptations and, accordingly, renewed its certification.

In today's world where energy is increasingly important, the Energy Policy was created for the efficient use of energy, and aims to use resources effectively and reduce greenhouse gas emissions.

In line with its Energy Policy, Vestel Beyaz Eşya:

- Uses energy-efficient and environmentally friendly technologies, equipment and services to ensure its energy performance is environmentally and economically sustainable by

continuously improving it and aims to use renewable sources of energy where possible.

- Always places priority on the design of energy-friendly products.
- Carries out awareness activities on energy efficiency through training, seminars and visual posters by ensuring the participation of all stakeholders in order to meet targets for lower energy consumption, while supporting the use of new technology and creative ideas.
- By comparing its energy performance with the best practices in the world and of its peers, determines areas for improvement in energy efficiency and regularly conducts internal and external energy efficiency studies.

Vestel Beyaz Eşya initiated feasibility studies for the installation of solar panels on the roof of one of its factories in 2020 to use renewable energy resources. In addition, other projects are planned to be implemented to support the use of low carbon electricity, the purchase of renewable energy certificates to reset or reduce the carbon footprint of

the purchased electrical energy and conservation of resources.

An Energy Manager and an Energy Management Representative have been appointed to effectively manage the Energy Management System at Vestel Beyaz Eşya. Relevant performance results are regularly monitored and evaluated by the senior management. In addition, the development of new projects for energy saving continues with detailed energy study reports commissioned for internal and external energy efficiency.

Within the scope of the "Projects For the Implementation of Efficiency Increasing Projects in Industrial Enterprises" applied by Vestel Beyaz Eşya in 2018 and which are supported by the Ministry of Energy and Natural Resources, the Company's "Efficiency in Lighting", "Improving Energy Efficiency in Compressors" and "The Use of Electric Air Gun Instead of Compressed Air Guns" projects have been officially completed.

Vestel Beyaz Eşya, which integrates the perspective of continuous improvement in energy consumption into its way of doing business, implemented a total of 119 energy efficiency projects in 2020, resulting in electricity savings amounting to 11,340,362 kWh and decreased its total amount of energy consumed per unit product by 6.7% compared to the previous year.

Some of the energy efficiency and saving projects which were implemented are as follows:

- In 2020, the air line and chiller cold water line between Utilities 1 and Utilities 3 at the Washing Machine and Tumble Dryer Plant were bypassed, and the compressors and chillers in Utilities 3 were removed to the backup. Thus, in the event of a compressor or chiller failure in any plant, any interruption to production can be prevented by operating the compressor or chiller in the other plant. As a result of

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this project, annual electricity savings of 8,124,367 kWh were achieved. Meanwhile, significant energy savings were also achieved in 2020 by eliminating the need for employee intervention with Utilities 3, which provides the energy and the needs of the new Washing Machine and Tumble Dryer Plant, built in a smart building concept with the vision of Industry 4.0, where all energy elements (electricity, compressed air, heating, cooling, cooling water, hot

water, water, etc.) can be monitored and controlled remotely.

- A new generation AC motor with a driver was brought into use in place of a DC main motor in the Refrigerator Factory, bringing annual electricity savings of 639,360 kWh. Instead of the central cooling system used in the cooling water of the Refrigerator Factory, chillers and efficient pumps were installed to save 435,600 kWh of electricity per year. By installing

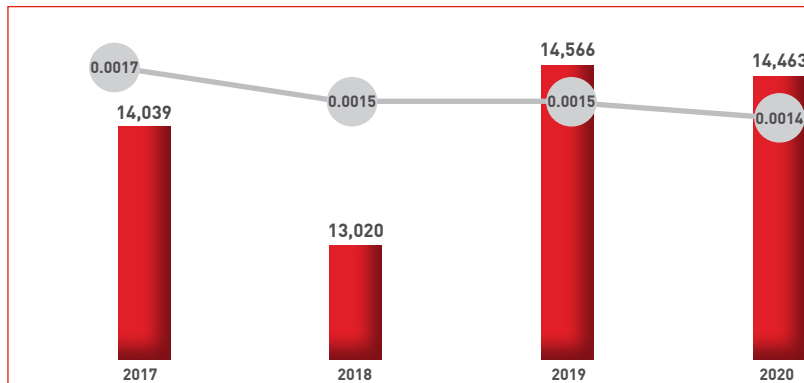
a central vacuum system instead of the vacuum pump found in the thermoforming machines, annual savings of 432,432 kWh of electricity were achieved. In addition, the installation of infrared dryers with new technology in the drying process of sheet metal panels in the paint shops of the Refrigerator Factory, instead of burners, saved natural gas with an equivalent energy of 244,188 kWh.

Environmental Indicators - Energy Consumption

	2017	2018	2019	2020	2020/2019 change (%)
Electricity (kWh)	86,809,697	91,151,604	90,931,466	101,343,622	11.45
Natural Gas (kWh)	64,266,744	65,254,335	68,233,469	69,266,903	1.51
Hot Water (Heat) (kWh)	19,103,777	16,474,817	16,345,386	15,538,995	(4.93)
Diesel (kg)	93,691	94,665	93,180	95,546	2.54
Total Energy Consumption (TOE*)	14,039	13,020	14,566	14,463	(0.71)
Energy Per Unit Product (TOE*/Unit)	0.0017	0.0015	0.0015	0.0014	(6.68)

* Tonne of Oil Equivalent

Energy Consumption



■ Total Energy Consumption (TOE)
— Energy Per Unit Product (TOE/Unit)

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

Total Productive Maintenance

Vestel Beyaz Eşya has been successfully implementing the Total Productive Maintenance (TPM) Management System since 2011, thus progressing towards its improvement targets each year. The TPM offers a management approach which targets zero losses in all production and support processes, requires the involvement of all employees, supports a proactive approach and strives to maximize equipment effectiveness. Vestel Beyaz Eşya strives to stay ahead of the curve by adopting this understanding and carrying out continuous improvement activities in all areas of the Company. Environmental issues are also supported with TPM activities. The Company's achievements with the TPM System approach can be listed as follows:

- Maintaining an orderly organization with the 5S approach, reducing pollution and pollution sources,
- Improvement and reduction of losses in all processes with the Kaizen principle,
- Reduced incidence of breakdown, reduced scattering, energy savings and raw material savings through the autonomous maintenance approach,
- Reducing scrap and rework, thus reducing waste,
- Continuous improvement activities to increase efficiency and quality.

Vestel Beyaz Eşya, which increases its efficiency with continuous improvement activities carried out in all its processes by integrating the TPM philosophy into its system, received the "TPM Excellence Award" from the Japan Institute of Plant Maintenance (JPIM) in 2014, the "Award for Excellence in Consistent TPM Commitment" in 2017 and the

"Special Award for TPM Achievement" in 2020 in recognition of the successful TPM work carried out in all its factories. With these achievements, Vestel Beyaz Eşya became the first and only company in the world to receive this award simultaneously in 7 different product groups and at 7 production facilities in its sector.

During the Kaizen days, which are now becoming a routine event at Vestel Beyaz Eşya, the best kaizens made at the Company are presented by team members where they are appreciated and rewarded by Team Members, the General Manager and the Plant and Department Managers. This well attended event, in which team spirit and leadership are developed and which increases the awareness and synergy of improvement activities, continues to be organized periodically.

CONTRIBUTION TO SDG



SUSTAINABILITY IN PRODUCTS

Continuously revising its targets for energy efficiency, Vestel Beyaz Eşya's entire product range consists of environmentally friendly products with A, A+, A++ ratings or higher, which are considered to be high energy efficiency categories. Striving to develop environmentally friendly and highly economical products with reduced environmental impacts by unwaveringly continuing its R&D and innovation studies, Vestel Beyaz Eşya allocates half of its R&D budget to developing environmentally friendly products, and realizes these projects by rapidly providing additional funds when environmental projects come up.

The Company holds world records in energy saving with its:

- Refrigerators with A+++ -35% energy label with Pro-Drive technology,
- Dishwashers with A+++ -20% energy label with Autodoor and Waterbox technologies,
- Washing machines with A+++ -75% energy label with HydroBoost® and Pyrojet technologies,
- Ovens with A++ energy label with technologies such as HeatWrap and Hot Air Shield,
- Air conditioning units which save 7% more energy than those in the A+++ energy class,
- Tumble dryers with A+++ energy label and environmentally friendly R290 refrigerant and digital drive engine technology.

In addition to energy records, Vestel Beyaz Eşya has the most water-efficient products on the market with dishwashers consuming 45% less water than the market average at only 5.4 litres per wash and washing machines consuming 35 litres per wash, saving 30% water. Water consumption rates of dishwashers are reduced by up to 3 litres per wash with Aquazone technology. Vestel Beyaz Eşya provides consumers with a high level of hygiene in refrigerators, dishwashers, washing machines and air conditioners with its environmentally friendly "Daylight" technology. Vestel Beyaz Eşya reduces the carbon footprint of consumers with its products that use less energy, water and detergents, and increases the variety of green product models in the sustainable product category.

with its refrigerators with vacuum technology which keep food fresh for up to eight times longer and significantly reduce the amount of food waste, ovens with HeatWrap technology which can cook 5 different trays at the same level, and induction cookers, which have a significantly higher thermal efficiency than gas cookers. On the other hand, Vestel tumble dryers manufactured using the R290 refrigerant in all models contribute to sustainability, being 500 times more environmentally friendly than their counterparts.

CONTRIBUTION TO SDG



SUSTAINABILITY IN THE SUPPLY CHAIN

Vestel Beyaz Eşya's Supply Chain Approach

Always aiming for the best in supply chain management, Vestel Beyaz Eşya has proven itself with the Industrial Excellence and TPM Continuity Awards, and continued to strive for a faster and more reliable supply chain in 2020.

Although each of the 7 different factories at Vestel Beyaz Eşya has its own planning team, all of these teams are located at Vestel City. Instead of pursuing a factory-based perspective, the Company's supply chain managers use these differences as a driving force to develop alternative methods. These teams, which meet regularly every month and who are in constant communication, work towards the commonization of standard processes across different plants and share the best practices with each other at the Supply Chain Workshop groups.

Thanks to the redesign of the supply chain to improve raw material procurement processes, delivery time from suppliers has been reduced, as a result of which customers' requests can be met faster, giving the Company a competitive advantage in the market. Vestel Beyaz Eşya aims to create a reliable supply chain by diversifying its network of suppliers. In line with the goal of achieving a sustainable

supply chain in order to increase the Company's competitiveness, the Supply Department identifies alternative suppliers in coordination with the R&D and Quality Departments and includes them in the Company's supplier pool.

In 2020, 78% of the total container volume used for the import and export activities within the Vestel Group of Companies was organized by Vestel Beyaz Eşya. Due to the density of Vestel Beyaz Eşya's business volume, all steps of the supply chain are examined in detail and master data values for materials and products and material-based inventory indicators are checked and updated algorithmically. The customer-oriented perspective of the employees involved in these processes ensures that everyone works towards a common goal. As in previous years, these efforts continued in 2020 with an expanding customer portfolio and an increasing number of orders. Key performance indicators (KPIs) that demonstrate the efficiency of the entire supply chain are evaluated by the Supply Chain Workshop Groups. In 2020, sales volumes increased by 6%, while the order fulfilment rate improved by 5%. Despite the problems experienced in the supply chain due to the impact of COVID-19, performance indicators for raw material inventory, which are expected to rise due to the increase in orders, have been successfully maintained at the same level.

Vestel Beyaz Eşya and Sustainability

The Purchasing Department also continues its automation studies in parallel with the digitalization efforts gathered under the umbrella of Industry 4.0 projects, which are on the agenda all around the world.

Regular analysis is carried out with consulting firms to ensure that the processes become more synchronized with the use of technology. All the new trends and projects in materials-finished goods warehouses and communication channels with suppliers are evaluated in parallel with the principle of benefit and cost.

With the new module investments planned for the Enterprise Resource Planning (ERP) software, the Company aims to considerably strengthen the communication with suppliers and prevent human errors. In addition, the Company's ability to meet variable customer demands will improve. The Supply Chain Digital Transformation Excellence Center, staffed by members who are specialists in their fields, was established for this purpose, which ensures that the work is managed more effectively. With the finalization of projects whose conceptual designs have been prepared, supply processes will be integrated on an end-to-end basis.

With work carried out for the optimization of packaging, the loss of space in containers, trucks and intermodal transfers were minimized in loadings from the Far East and European regions, thus lowering costs while at the same time reducing traffic and carbon emissions.

CONTRIBUTION TO SDG



Digital Transformation and Data Analytics in Procurement

In order to emphasize its efforts in the field of "economic and environmental factors", which is one of the elements of sustainability, Vestel Beyaz Eşya Purchasing Department, which manages all components of 7 main product groups from a single center, accelerated the digitalization steps taken in 2015 with the adoption of the United Nations Sustainable Development Goals by Zorlu Holding in 2016. In 2020, work on the following main areas continued.

Work on data analytics at the Purchasing Department started in 2015. Instant data management is provided with reporting systems where the performance of purchasing activities is measured, supplier management is carried out on a category basis, strategic decisions are guided and risk analysis studies are managed. SAP and BW (Business Warehouse) are the main programs used for data analysis, which allow reports to be generated in a shorter time and an 85% efficiency rate is achieved per person hour. As a result, most of the data can be controlled and instantly reported.

The Purchasing Department also continues its automation studies in parallel with the digitalization efforts gathered under the umbrella of Industry 4.0 projects, which are on the agenda all around the world.

In this context, all processes starting from the purchase request to supplier selection, placement of orders, acceptance of goods and services and invoice approval have been digitized. This has allowed the achievement of labour savings and the formation of corporate memory and footprint, which is one of the main elements of digitalization.

Thanks to the Supplier Life Cycle (SLC) Platform, suppliers can reach the Company promptly and be registered quickly. Multiple risky processes are gathered on a single platform. In this project, which is carried out jointly with Zorlu Holding, a supplier data pool has been created. If there is historical data about a supplier, it can be accessed quickly; if it is blacklisted, action can be taken in response. With the use of SLC, consumption of paper in the annual approval procedure has been reduced by 70%.

The E-contract system, which is carried out as a central project, was put into use in 2020. As a platform of contract creation, regulation and approval, legal regulations have come to a position to progress on the system, with an aim of providing maximum transparency.

With the SAP-based FIORI application, approval processes have been accelerated, and a significant degree of digitalization has been achieved with time savings. Efforts are continuing rapidly to ensure that the entire invoicing process will progress through the system at all levels in 2021.

With all of the opportunities brought by the digitalization, the purchasing process at Vestel Beyaz Eşya has become even more systematic and studies are carried out by taking into account the sustainability and Ethical Principles.

CONTRIBUTION TO SDG



Purchasing Information Systems Tools

Systematic and structural measures were put in place in order to realize the digital transformation projects. Solutions such as the “Supplier Portal” and the “Digital Offer Platform” under the title of “Purchasing Information Systems Tools” have ensured the corporate memory is permanent. With the formation of corporate memory, the traceability, permanence and sustainability of the footprint of the purchasing function has been ensured. While rapidly adapting to changing working processes in 2020, “Digital Transformation” also gained momentum. In 2021, all processes will be organized to be followed through the system.

Steps for acceptance of goods, invoice control and order planning were digitized, thus increasing strategic performance and operational efficiency. With the inclusion of accounting, budget and planning processes in the digitalized purchasing processes, financial risks have been minimized and suppliers have reached fast solutions. In addition, the audit

has become easier and controllable through the system. Paper consumption for an average of 2,500 invoices per year was eliminated with the Price Differences-Invoice Controls screen (ZFF) via the SAP.

CONTRIBUTION TO SDG



The “Zorlu Holding Supply Chain Principles” prepared within the scope of sustainability work are signed with the suppliers. With these principles, the Company’s suppliers accept that they will comply with the conditions set out under the main headings such as Anti-Discrimination, Humane Treatment, Remuneration, Working Hours, Occupational Health and Safety, the Environment and Ethics.

Action/activity assignments have been digitalized with process improvements based on purchasing, quality, R&D, planning and management systems, supplier audits and audit results. The process is followed through with continuous training and information. This process is targeted to be advanced even more rapidly in 2021.

CONTRIBUTION TO SDG



SOCIAL SUSTAINABILITY

Human Resources at Vestel Beyaz Eşya

Vestel Beyaz Eşya’s human resources activities are carried out by the Vestel Human Resources Directorate, which is affiliated to the Zorlu Holding Human Resources Group. The Directorate is structured under 5 main organizations: The Industrial Relations Directorate, the Recruitment, Employer Branding and Business Partnership (BP) Directorate, the Organizational Development Directorate, the Istanbul Human Resources Directorate and the HR Analytics & Digitalization Management. The Head of Zorlu Holding’s Human Resources Group also sits on the Executive Committee of Vestel Group of Companies, thus ensuring continuity on conveying information to the management on all types of issues related to the employees.

Vestel Beyaz Eşya has prepared its Human Resources Policy in writing, covering the subjects of recruitment, promotion and horizontal advancement, termination, compensation, career planning, performance evaluation system, reflection of performance results on remuneration and training policies. Employees are informed of the job definitions and distribution of tasks, and the performance criteria and rewarding scheme through the Human Resources Policy.

At Vestel Beyaz Eşya, for employees;

- The process of adaptation to work is made easier,
- Employees’ needs are taken into account so that they can achieve successful business results,
- Employees’ expectations are balanced with the Company’s expectations, thus ensuring fairness and equality of opportunity,

Vestel Beyaz Eşya and Sustainability

- The employees are supported through continuous training, thus ensuring their development,
- The performance of employees is monitored, evaluated and their success is encouraged and rewarded,
- Career planning is carried out by promotions and horizontal progress, while maintaining long-term cooperation with the employees.

At Vestel Beyaz Eşya, innovations in human resources management are monitored, evaluated and implemented. Internal task backups are carried out periodically to ensure sustainability and internal human resources are predominantly used to meet the needs.

The rotation request process, which was put into practice in 2018 in order to increase the Company's productivity and employee motivation, continued in 2020. In November, rotation requests from employees were collected online; after the necessary evaluations and manager approvals, rotations are planned to be carried out in 2021 on the basis of department, unit, and staff availability.

Human resources practices are shaped by the principles of increasing the sense of belonging, internalizing the corporate culture and ensuring employee loyalty and long-term cooperation. Human resources are represented at the senior management level in order to determine and effectively implement the principles which constitute the Human Resources Policy.

CONTRIBUTION TO SDG



Ethics Policy

Vestel Beyaz Eşya carries out its activities within the framework of Zorlu Holding Ethical Principles prepared by the Zorlu Holding Board of Directors and disclosed to the public on its website. The Zorlu Holding Ethical Principles can be accessed at <http://www.zorlu.com.tr/assets/files/pdf/zorlu-holding-etik-ilkeler-en.pdf>. (Efforts to tackle bribery and corruption and the principle of tax integrity can also be viewed at <http://www.zorlu.com.tr/assets/files/pdf/zorlu-holding-etik-ilkeler-en.pdf>).

Ethical Principles are an indispensable set of rules, which are based on "integrity" and "honesty", drafted in order to regulate internal relations, the relations of the company and all employees with customers, suppliers and other stakeholders, to increase the quality of service, and to protect assets and resources.

The ultimate aim of the Zorlu Holding Ethical Principles is to write the code of conduct in order to create a common corporate culture on business ethics and to increase the awareness of employees and stakeholders as an institution responsible to society. In this regard, the Ethical Principles aims to guide Zorlu Group employees and those acting on behalf of the organization in their decisions and behaviours while performing their duties in accordance with the laws and business ethics.

The Zorlu Holding Ethical Principles applies to all Zorlu Group companies, including Vestel Beyaz Eşya.

CONTRIBUTION TO SDG



Equal Opportunity in Recruitment Processes

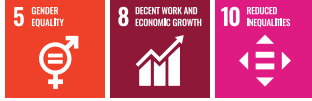
In Vestel Beyaz Eşya's recruitment practices, no discrimination is permitted on the basis of gender, age, religion, race, sect, social status, physical structure, ethnic origin, nationality, sexual orientation or any other personal characteristics.

Vestel Beyaz Eşya attaches tremendous importance to the full and effective participation of women in the decision-making processes of economic and social life. In this vein, the Company promotes efforts to ensure inclusive growth and gender equality in working life. The Gender Equality Manifesto is available from the link at http://www.zorlu.com.tr/assets/files/pdf/ZH_Manifest.pdf and the Women's Empowerment Principles are available at <http://www.vestelinvestorrelations.com/en/sustainability/social-awareness/women-empowerment-principles.aspx>.

Vestel Beyaz Eşya's recruitment processes are constantly updated in line with the requirements of the era of speed and digitalization. In this vein, the recruitment processes, which had been digitally transformed in many stages, were entirely moved to an online environment in 2020. Job applications, exams for general skills and English, personality inventory, competency-based HR interviews and all interviews with executives (including technical interviews) are all carried out on the online platform. New applications, which will accelerate the adaptation process of new employees who have not come to Vestel Beyaz Eşya physically before they started working, are also planned to be included in the Onboarding Program. In this context, work on the preparation of content and the process

is ongoing. The Company aims to attract high potential young talented individuals from all over Turkey to Vestel Beyaz Eşya.

CONTRIBUTION TO SDG



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Vestel Beyaz Eşya and Sustainability

Regulations Preventing Discrimination, Inequality, Human Rights Violations, Forced Labour and Child Labour

Vestel Beyaz Eşya shapes the future with the strength of its employees. It views its employees as its most valuable asset and respects and protects their rights. It offers its employees a working environment which is respectful, fair and guarantees human dignity.

Vestel Beyaz Eşya embraces an understanding of honest, trustworthy and constructive communication, exhibits ethical behaviours within the framework of love and respect, and avoids acts which would be humiliating to honour or pride. Vestel Beyaz Eşya cares about its employees' ideas and creates working environments where they can express their ideas freely.

At Vestel Beyaz Eşya, acts of intimidation which cause distress through all kinds of physical, sexual or psychological harassment and violence are not tolerated. Vestel Beyaz Eşya is sensitive to the protection of the personal rights of its employees, does not allow the violation of personality-based values with any form of psychological pressure or harassment, and does not allow the attrition of its employees with emotional attacks. When such situations are encountered, the situation which is the subject of the complaint is investigated carefully and meticulously, ensuring that the process is concluded fairly and quickly.

Vestel Beyaz Eşya has always set out to be fair in its work environment in line with its commitments regarding human rights, and attaches importance to providing equal opportunities based on the talents and experiences of its employees.

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Vestel Beyaz Eşya always takes into consideration the importance of young people and their social contribution to our future, and attaches importance to this in its working conditions. In this vein, the Company continues its activities in accordance with the minimum age provisions specified in the Constitution, Labour Law and relevant legislation, and does not employ child workers. It conducts audits to ensure that there is no child labour in its supply chain.

CONTRIBUTION TO SDG



Employee Satisfaction and Conflict Resolution Processes

With the Employee Satisfaction and Loyalty Survey, Vestel Beyaz Eşya aims to evaluate the opportunities and working environments it provides to its employees from an employee perspective and to identify the issues which require improvement. In this context, an employee loyalty and satisfaction survey is conducted every 2 years.

Thanks to Vestel's Complaints, Wishes and Request Assessment System, all employees may report their complaints, wishes or requests to the Human Resources Directorate anonymously via the kiosks in the

factories. The Complaints, Wishes and Requests Evaluation Board is responsible for reviewing issues and ensuring that the issues which can be remedied are put into practice, evaluating the complaints, taking action and ensuring the permanence of the system.

Compensation payments for the Company's employees are made in accordance with the relevant provisions of the Labour Law No. 4857 and the still valid Article 14 of the repealed Labour Law No. 1475. The Company's Employee Compensation Policy can be viewed at <http://www.vestelinvestorrelations.com/en/corporate-governance/employee-compensation-policy.aspx>

Employees are provided with common fringe benefits including nursery support, marriage, maternity and death leave, cash assistance, and assistance to enroll in a Master's or doctorate program. Successful children of employees are also eligible for scholarship opportunities provided by the Zorlu Holding Mehmet Zorlu Foundation.

CONTRIBUTION TO SDG



Investment in Employees: Qualified and Sustainable Training Activities

At Vestel Beyaz Eşya, where every employee is considered to be a source of value, a consistent training model has been adopted in order to improve the existing abilities of employees and to further facilitate their adaptation to innovation and change. In this context, qualified and sustainable training activities are provided to promote the continuity of inquisitive, reflective, creative, entrepreneurial and productive human resources. A number of personal development and technical training programs were carried out in this direction in 2020. In 2020, a total of 23,261 participants received an average of 10 hours of training per person at Vestel Beyaz Eşya.

In 2020, within the scope of the Vocational Qualifications Authority Law, 141 employees were certified in Machine Maintenance, 3 employees as Steel Welders, three employees as Metal Plate Processing Bench Workers, 6 employees as Metal Plate Processing Bench Operators and 37 employees as Bridge Crane Operators. With the operator training, 29 employees working as forklift operators, 24 employees working with manlifts and 28 employees working with electric transpalets received their operator's licenses. With the first aid training held within the framework of legal obligations, 23 employees completed the basic first aid training and received their certificates in 2020.

Vestel Beyaz Eşya aims to provide informative meetings and offer training programs for employees on the Company's ESG policies and practices, which will be renewed in 2021.

CONTRIBUTION TO SDG



Vestel Technology Academy

The Vestel Technology Academy is a program designed to maximize the motivation and efficiency of employees through the trainings offered.

The Technology Academy, which operates in cooperation with the Vestel Group of Companies and Özyeğin University, offers lifelong education opportunities and aims to increase the technical knowledge and experience of engineers in their fields.

Within the program;

- Employees who have been trained in different fields of engineering have the opportunity to address their areas of improvement in areas required by Vestel,
- Employees may obtain Master's or doctoral degrees in the fields in which they have completed their undergraduate degrees,
- Studies are carried out to enable the thesis or projects emerging as a result of the program to be applicable at Vestel in parallel with the employees' line of work.

Within the scope of the Vestel Technology Academy 2020 program, postgraduate education continued to be provided in the fields of Computer Engineering, Electrical and Electronics Engineering, Industrial Engineering and Mechanical Engineering.

The program, which won the Golden Award by TEGEP in Turkey, and the Bronze Award in the category of "Human Resources Team of the Year" at the Stevie International Business Awards in 2018 in the international arena, fully achieved its aim of "bringing the university campus to

the company", which it had targeted when it started to be implemented. As of the end of 2020, 167 employees were studying at the Vestel Technology Academy, 46 of which were Vestel Beyaz Eşya employees. A total of 294 employees have graduated, 55 of whom were Vestel Beyaz Eşya employees.

The "Impact Assessment Form" applied for the evaluation of thesis/project studies has been delivered to all graduates of the program. When the results of the forms completed by 33 Vestel Beyaz Eşya employees were examined, it was found that 9 academic studies had been transformed into industrial applications and 3 studies had been included in the patent, publication or incentive processes. Academic studies continue to evolve into applicable optimizations at Vestel Beyaz Eşya.

While the Company continues to contribute to the academic life of its employees, internal academics have been included in the program in order to respond to the course requests of students and to benefit from the academic knowledge and career-based experiences of the employees who have completed their doctoral studies. For this purpose, the CVs were evaluated by Özyeğin University and employees who met the necessary prerequisites were appointed as an "Adjunct Faculty" (Visiting Faculty Member). During the 2019-2020 academic year, one of these employees had the opportunity to teach in the field of Electrical and Electronics Engineering.

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

Vestel Retail Academy

The Vestel Retail Academy (VRA) unwaveringly continued its training activities for the employees of the Head Office, Vestel dealers, Zorlu Holding and other companies in 2020. During the year, the VRA opened 170 classes and organized 89 different training programs for 3,553 participants, and provided a total of 14,889 hours of training.

The Academy organizes modular training programs in order to ensure the continuous development not only of the Head Office employees but also the dealers, who are one of the most important business partners of Vestel. Within the scope of sustainability, in order to ensure that the dealers remain in the sector for years, training is provided not only to the dealer owners, who are the founding generation, but also to the new generations who will ensure the continuity of the business in the coming years. Within the scope of these training programs, founding dealer owners, new generations which will ensure the continuity of the dealers, store managers and field employees complete the training modules in line with their own business competencies, thus contributing to the trained manpower, which is an important need in the retail sector.

Attentive to the current and future needs of the institution, the Vestel Retail Academy has carried out different studies in 2020 in addition to the standard training programs, such as in-house coaching, the Good Idea

Successful Implementation Project in order to be in constant contact with the field staff, which was launched as a pilot scheme in 10 stores to follow their experience, the Vetoks training program aimed at touching the lives of employees outside of work, and V-Circle, which enables employees working in the Head Office to share their experiences in innovation.

CONTRIBUTION TO SDG



Vestel Services Academy

The Vestel Services Academy has been operating within the Vestel Customer Services since 2012 to provide regular and continuous training for the development of all service teams such as authorized service technicians, customer representatives and service managers, with the aim of providing a flawless experience in after-sales services. The Academy provides 18,000 employee-days of training per year with different training approaches which it actively uses in many training modules, including digital and live broadcasting. The Vestel Service Academy, which has received awards on many national and international platforms, proved its educational quality at international standards by achieving the first ISO 29990 Certification in Turkey.

CONTRIBUTION TO SDG



Zorlu Academy Online Training Platform

The Ethical Principles distance training was created on the Zorlu Academy online training platform in order to ensure that the Zorlu Holding Ethical Principles, which was put into writing in 2018 to cover all the Group companies within Zorlu Holding, is adopted by all employees. The Ethical Principles Training, which aims to increase awareness regarding the Zorlu Holding Ethical Principles as well as guiding the ways of doing business, approaches and perspectives of the employees in accordance with these principles, was prepared under the Coordination of the General Directorate of Audit and the Human Resources Group within the scope of the Corporate Governance Working Group activities carried out under the umbrella of Smart Life 2030.

The confidentiality of private life, and especially the right to protection of personal data, is protected by many international human rights conventions and constitutions. Zorlu Group, which carries out all of its activities with the aim of compliance with international standards and continuous improvement, is obliged to act in accordance with Personal Data Protection Law No. 6698, which entered force on April 7, 2016. With the coordination of the Zorlu Holding Legal Group Presidency and Human Resources Group Presidency, in order to fulfil these obligations and for employees to learn about these obligations, distance learning on the Protection of Personal Data was provided on the Zorlu Academy online training platform.

The online training platform, which was put into practice at Zorlu Holding in March 2019, started to be implemented at the Vestel Group of Companies in July 2019. In 2020, the Vestel Group of Companies continued the development process



of its employees without interruption by providing them online training opportunities, regardless of time and place, through various personal development and technical training programs. A total of 727 Vestel Beyaz Eşya employees benefited from online training in 2020. The Vestel Group of Companies aims to ensure equal opportunity in education and create a common memory by delivering online training to all employees.

New training programs are being prepared to raise the awareness of the issue of sustainability and its importance.

CONTRIBUTION TO SDG



The Focus of HR at Vestel Beyaz Eşya: To be where the talent is

Aware that sustainable success relies on happy and motivated employees who have the ability to manage and work for a common purpose, Vestel Beyaz Eşya constantly reinforces its existing workforce by investing in qualified human resources and contributes significantly to the employment of the country.

The Vestel Group of Companies, of which Vestel Beyaz Eşya is a member, sets its change and development strategies based on the idea of “To be where the talent is”. Vestel has embarked on an employer brand journey with the “Campuses are Vestelized” project since 2013 in order to attract the young talents which Vestel needs due to its rapid growth, and its goals in this project are to create new resources in addition to existing tools to reach qualified candidates and the discovery of young talents on campuses before they graduate. Based on the importance

Vestel attaches to the employment of new graduates and young talents, university students have been identified as potential candidates, and intensive activities are carried out at university campuses to further increase Vestel’s perception as an “Attractive Employer”. These activities consist of projects which require close relationships with university career centers and student clubs, such as university career events, engineering competitions, graduation projects, sponsorships, workshops and case studies, and support collaboration between industry and academia.

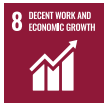
Within the scope of “Campuses are Vestelized”, Vestel participated in a total of 23 events at 7 universities before the pandemic struck in 2020, which provided an opportunity to reach out and attract young talents in Turkey’s leading universities.

Vestel Beyaz Eşya and Sustainability

Vestel attaches importance to the ideas of young people and is nourished by their ideas. For this purpose, since 2015 the V-Inception Project has been carried out at the beginning of each academic year in order to determine the Employer Branding Strategy to be followed by Vestel Human Resources for that year and to reach young talents. With this project, representatives of student clubs from different universities come to Vestel City, experience Vestel and develop projects in line with the mission given to them. These young people build a “Vestel Dream” within the scope of their projects and integrate Vestel’s strong characteristics into this dream as part of their project. Bringing students’ dreams to the campuses and designing (Vestelizing) campuses as the students wish, is one of the Employer Branding’s activities.

Another project implemented in attracting talent is the VesTELLer Project, which received the Bronze Award in the “Best Brand Ambassador Program” category at the Employer Brand Management Awards (EBMA) in 2018. Within the scope of the project, students are selected to carry out work on the campuses of Turkey’s leading universities so that Vestel is a recognized, popular and preferred employer. Since 2015, 35 students have undertaken the role of VesTELLer (Vestel’s Brand Representative in Campuses). New VesTELLers could not be included in the process in the 2020-2021 academic year, as face-to-face education has not yet resumed at universities.

CONTRIBUTION TO SDG



A total of 30 people were accepted into the MT program, and 7 of the trainees started working at Vestel Beyaz Eşya after completing the program.

Vestel Management Trainee Program

The eleventh Vestel Management Trainee Program (the MT Program), carried out by Vestel with the academic support of leading universities in Turkey to train young talented individuals who have recently graduated from university as future managers, was held online in 2020 with the cooperation of Koç University.

Young talented individuals, who have gone through many stages in order to participate in the MT Program, are given the opportunity to improve themselves in many areas within a period of 4 months from the day they join the program. Within the scope of the program, Management Trainees who enrich their theoretical knowledge both with the academic courses taken at the university and in internal training programs organized online, are also given personal development training which includes guiding information in their new business lives.

The most important feature which sets the MT Program apart is the practical internship period that the trainees go through across the entire Vestel Group of Companies, which has an important place in recognizing the corporate culture in addition to the

training they receive. In this process, the management trainees have the opportunity to meet people at various management levels within the Group, as well as being able to benefit from the knowledge and experience of the managers and to directly learn the duties, responsibilities and the relations of the departments, so that they complete the program by amassing the most up-to-date and accurate information about the operation of the Company.

This program is aimed at ensuring that the young management trainees who join the Vestel family will have the best understanding of Vestel and the sector in which it operates, obtain the information they need and use this information effectively in their business life. It is hoped that the management candidates who successfully complete the program will go on to develop new projects and provide added value to Vestel.

In 2020, a total of 9,528 candidates applied to the MT Program. A total of 30 people who graduated from Turkey’s leading universities were accepted into the MT program, and 7 of the trainees started working at Vestel Beyaz Eşya after completing the program.

CONTRIBUTION TO SDG



Vestel V-Compass University Internship Program

Engineering departments provide a key source of the workforce at Vestel, in line with its fields of activity. In this context, a large number of engineering students are offered short-term internships both in production and R&D activities each year. In addition to the engineering students, internship opportunities in departments such as Financial Affairs, Sales and Human Resources are also offered to students studying Economics and Administrative Sciences or other fields at the university, to provide them with experience and contribute to their development. The program, which is physically carried out each year in the relevant units at Vestel during the summer period, was carried out online this year within the scope of pandemic measures. The application and admission processes were carried out online, with steps taken to ensure that the students accepted for the internship came together with the technical teams online and prepared projects. In addition to the technical interviews and project work held during the internship, Vestel interns were also included in the training program designed for all interns at Zorlu Holding, and they had the opportunity to receive a comprehensive range of training.

CONTRIBUTION TO SDG



Onboarding Application and Pole Star Project

One of the most important goals of Vestel Beyaz Eşya's Human Resources Policy is to be a company which talented individuals dream of working at, and to ensure their loyalty to the organization by offering them a suitable career path. For this purpose, projects are developed for not only to reach such talented people more easily, but also to retain such talent and ensure the commitment of employees to the organization.

One of these projects, the "Onboarding Project", was launched in 2017 as part of the recruitment process. Studies conducted at a global level demonstrate that employee loyalty is largely linked to the initial employment process. The Onboarding process was designed by considering the expectations of generation Y and realizing the need for a bridge application which would create corporate loyalty. The Onboarding program is aimed at facilitating the process which the candidate will go through during and after the job offer, making it more friendly and allowing the candidate to learn about the culture at Vestel before he/she starts work. The Onboarding program is designed to cover the first 3 months, given that the first 3-month period is the most critical in achieving long-term success. This program consists of a series of enjoyable tasks ranging from an entertaining video including information which the new recruit may need during his/her adaptation period to Vestel, the National Geographic Mega Factories documentary, the Vestel jargon game and office exercises. In 2020, the Onboarding application underwent a transition to a new online platform. With this platform, all relevant employees who will support the new employees during the adaptation process were included in the online system and the informative content was enriched.

The Onboarding project received the Silver Award in the "Best New Hire Onboarding Program" category at the Brandon Hall Group HCM Excellence Awards in 2018.

In the "Pole Star" application, which is a part of the Onboarding program and is carried out to help new employees adapt to the job and accelerate his/her adaptation to the corporate culture, an employee who can help the new recruit is selected from the employee's department and the selected person will support the new employee for a period of 3 months. Pole Stars are identified by managers among the volunteering employees and referred to the Human Resources Department before the new employee takes up his/her position. The Pole Stars selected within the scope of the application were included in the training organized by the Human Resources so they could be informed about the process. In 2020, a total of 252 Pole Stars took part in the adaptation process of newly recruited employees. Development studies regarding the application are continuing.

In order to support internal communication and bring employees together on common ground, a platform "At Work Now" was created at Vestel Beyaz Eşya. Throughout the pandemic, the At Work Now activities have taken place under the name of "Changemakers of the Month" by moving from a physical environment to a digital environment. Within this framework, videos are prepared which highlight the employees' personal awareness or behaviour which has made a difference and these are published on Vestel Beyaz Eşya's social media accounts. The aim of these studies is to increase a sense of corporate belonging and to showcase the qualifications of the employees. Following the first video in November 2020, entitled "Screw" (Vida), which sets out the exemplary behaviour of an employee who replaces a screw which

Vestel Beyaz Eşya and Sustainability

he picked from the ground, another video was prepared, entitled “The 20-Year Vestel Adventure” about a Vestel Beyaz Eşya employee and his son. A video work entitled “Run with Pride”, which highlights the success of a Vestel Beyaz Eşya executive in sports, who is professionally interested in running, in addition to his success in business, was also broadcast on social media accounts. Further videos are planned to be filmed in the coming period, with the videos covering the interests of employees and presenting examples of their hobbies and talents in their social lives.

CONTRIBUTION TO SDG



Work / Life Balance Solutions at Vestel Beyaz Eşya

“Viva!”, which first emerged as an employer brand project, was approved as a sustainability project in 2019. The project aims to ensure the sustainability of both the quality of life of employees and corporate longevity by focusing on the topic of “Corporate Well-Being”, which ranks among the most important sustainability goals.

The project in general includes the following:

- Various activities to be organized for employees to protect their physical and mental well-being,
- Various seminars and workshops aimed at promoting a good and healthy life,
- A common sharing platform where forthcoming events are announced to employees,
- E-mails/notifications which increase employee motivation,
- Activities to be carried out with the aim of instilling the motto “Being part of Vestel means living better” to employees,

- Sharing useful information to increase awareness about healthy living,
- Creating sharing environments to encourage employees to adopt the company culture and strengthen communication between the HR department and the employees,
- Various suggestions and practices to improve physical conditions.

The project was put into practice in 2020 by channelling the Wellbees application within Zorlu Holding.

While training activities are provided to Vestel Beyaz Eşya’s employees in line with their career plans to ensure the continuity of their development, employees are also offered the chance to take part in hobbies outside of work, with the Airsoft Milsim, Basketball, Dancing, Outdoor Sports, Photography, Football, Swimming, Sailing/Water Sports, Martial Arts, Drama, Tennis, Music, Running and Motor Sports clubs being established. Among these clubs, the Vestel Venus roadRUNNERteam Running Club and Vestel Corporate Basketball Team continue to work intensely and actively. The Running Club regularly organizes night runs every week, participating and competing on behalf of Vestel in running events such as half marathons and marathons. The Vestel Running Club only took part in the Antalya Runanatolia and Izmir Marathon in 2020 due to the global pandemic, successfully representing the Vestel brand in these events. Since the corporate league games were cancelled due to the global pandemic, the Vestel Corporate Basketball Team was unable to participate in any competition in 2020. A Corporate Women’s Volleyball Team is planned to be established in 2021.

CONTRIBUTION TO SDG



Protection of Personal Data and Data Security Policies

In accordance with the Law No. 6698 On the Protection of Personal Data (LPPD), Vestel Beyaz Eşya takes all necessary technical and administrative measures to ensure the appropriate level of security in order to prevent the unlawful processing of personal data and unlawful access to personal data and to ensure the protection of personal data.

Vestel Beyaz Eşya processes, records and protects the personal information and confidentiality of its customers and consumers in accordance with the relevant legal regulations and confidentiality rules. The Company uses the information obtained concerning customers and consumers during the course of its business processes only for the fulfilment of the service or to carry out future improvements.

Vestel Group companies, which are the data controllers in accordance with the Article 4 of the LPPD, act in accordance with the following principles in the processing of personal data:

- **Compliance with the law and good faith:** Personal data is processed in accordance with the law and good faith. In this vein, Vestel Group companies, as data controllers, act in accordance with the legislation in force in all types of personal data processing processes and comply with the rules of honesty.
- **Accuracy and timeliness:** Data controllers should set up the necessary processes to ensure that the personal data which they process is accurate and up-to-date. Accordingly, Vestel Group companies provide opportunities for individuals to update their data and take necessary measures to ensure that the data is transferred to databases correctly.

- **Processing for specific, explicit and legitimate purposes:** Data controllers are obliged to inform data owners of the purposes of processing personal data in line with the disclosure obligations under the Law. Accordingly, Vestel Group companies, which are the data controllers, limit their data processing activities to specific and legitimate purposes and inform data subjects clearly regarding these purposes through disclosure texts.
- **Ensuring that data is linked, limited and measured for the purpose for which it is processed:** Personal data is processed by Vestel Group companies in connection with the purpose and limited to this purpose and to the extent necessary for the purpose reported to the data owner at the time of delivery.
- **Retention of data for the period stipulated in the relevant legislation or required for the relevant purpose:** If a certain period of time is determined within the scope of the legislation in force, data is retained during this period. Where such a period is not specified in the legislation, reasonable retention periods are determined by considering the purpose of data use and the company procedures, and data is only retained for this period. Following the expiry of the stipulated periods, the data is deleted, destroyed or anonymized in line with the company procedures.

CONTRIBUTION TO SDG



Vestel Human Resources won the “Employer of the Year Offering the Most Internships” Award, in the awards ceremony held every year during the ITU Career Summit.

HR Indicators

Vestel Beyaz Eşya Key HR Indicators (Based on 2020 Year-End Data)

Number of Personnel	Person	Ratio
Total	9,210	100%
Female	2,853	31%
Male	6,357	69%
Average Seniority	4 years	

Distribution of Senior Management by Gender	Female	Male
General Manager		2
Deputy General Manager		9
Middle Level Management	8	55
Total	8	66

Distribution of Personnel by Education	Female	Male
Master’s Degree	41	88
Graduate Degree	269	606
Vocational College Degree	307	524
High School Graduate	2,236	5,139
Total	2,853	6,357

Number of Employees by Category	Senior Managers	Other Employees (Except Administrative Staff)
	74	9,136

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

HR Awards

Vestel's Human Resources received the following awards in 2020.

- Top Talent – Top 100 – Talent Program 2020 Most Admired Talent Programs of the Year Award

Vestel Human Resources won this award in recognition of its "Management Trainee (MT)" recruitment program, which Vestel calls the Generation V.

- Istanbul Technical University Employer of the Year Offering the Most Internships Award

Vestel Human Resources won the "Employer of the Year Offering the Most Internships" Award, in the awards ceremony held every year during the ITU Career Summit.

CONTRIBUTION TO SDG



OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety (OHS) Policy and Practices

Vestel Beyaz Eşya displays the greatest sensitivity to occupational health and safety as it strives to maintain a safe and healthy working environment. Vestel Beyaz Eşya attaches importance to assessing and managing the potential impacts of risks in the workplace on employees, subcontractors, visitors, solution partners and other personnel in the workplace.

Vestel Beyaz Eşya continuously educates its employees to ensure that they gain the right habits of behaviour in terms of quality, environmental awareness, energy efficiency, information security and potential health and safety risks.

The framework of Vestel Beyaz Eşya's Occupational Health and Safety Policy can be summed up as follows:

- To create and adopt a "Safe Working Culture" at every point in the Company,
- To be protected from dangerous and unhealthy conditions which may occur during activities and to create a healthier working environment by keeping risk analyses up-to-date with the "prevent before it happens" policy,
- To establish occupational health and safety together with the employees by seeking their opinions through continuous education and employee participation platforms,
- Recognizing that occupational health and safety is an indispensable priority for all employees and an integral part of their work, ensuring that all employees are occupational safety supervisors,
- To eliminate or minimize unsafe situations and unsafe movements in the workplace by conducting risk analyses and applying preventive plans by adopting the principle of ensuring that the work is appropriate for the employee and the employee is appropriate for the work.

In line with the Company's Occupational Health and Safety Policy, the following work is carried out to achieve the target of 0 (zero) accident and occupational illness:

- OHS board meetings,
- OHS evaluation meetings organized within departments,
- Acceptance and risk assessment of new machinery and equipment,
- Risk assessment of the current machinery park,
- Approval and risk assessment of new chemicals,
- Risk assessment of existing chemicals,

- Application of personal protective equipment at points where collective protection methods against risks cannot be applied or in the management of residual risks after the measures taken based on the assessments of the occupational safety specialists and workplace physicians and employees' views,
- Workplace hygiene measurements (internal environment measurements),
- Periodic checks of work equipment,
- Medical examinations for those starting work for the first time,
- Periodic medical examinations and health scans,
- Preventive health practices for employees by having them work in an environment suitable for their health and changing the place of the employee where necessary,
- Ergonomic risk assessments and application training,
- Training specific to the field of work and the OHS training given under the legislation,
- Trainings for the creation of emergency teams and management of emergency situations, regional and general drills,
- Efforts to keep all OHS practices under constant supervision by the internal audit mechanism,
- In order to support employee participation, the collection of employee notifications submitted to the portal by mobile phone or computer, in addition to the near miss/suggestion notification tables.

Vestel Beyaz Eşya started to take the necessary measures before the COVID-19 pandemic started to appear in our country in 2020:

- The Company ensured that the process was accurate, understandable and manageable, by providing informative and educational information to all employees,

- International travel was restricted as much as possible, and where travel was unavoidable, a practice of working from home for 14 days was implemented following the return from the trip.

After the first cases started to appear in our country, following measures were taken:

Working areas were reorganized by putting in place a wide range of measures and support for employees, those with chronic conditions were allowed to work from home or were given administrative leave, shuttles were operated at 50% occupancy rate to ensure social distancing, the rest areas and dining halls were reorganized with transition to a single seating arrangement in order to ensure social distancing, food was provided in lunchboxes, new resting areas were created in 19 different locations, temperature measurement systems were installed in shuttles, automatic thermometers and disinfectants were installed at turnstiles at the company entrance and employees were encouraged to work from home where possible. Employees are provided with disposable surgical masks and additional masks are provided to employees if needed.

With the Vestel Health Monitoring application developed by the R&D department, all personnel are required to fill out daily contact tracing forms. A COVID Emergency Communication Line was put in place and the condition of employees who had come into contact with anyone infected, or who had fallen ill, were checked on a daily basis and the details of the cases were tracked and traced. Daily coordination is established with the Provincial Health Directorate and information of identified cases and contacts are provided. As a result of the analysis, it was observed that the measures taken were sufficient, and almost all cases at the Company were found to be caused by external contact.

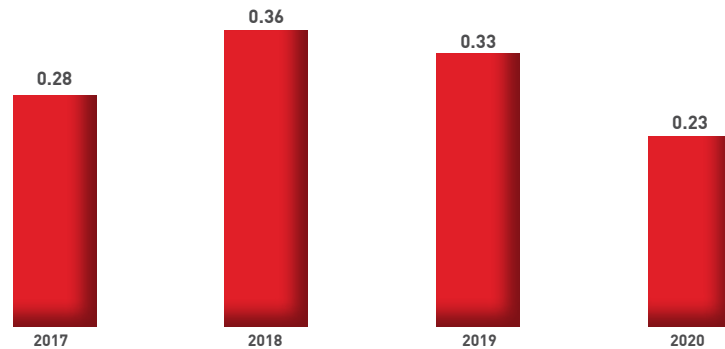
OHS training, which is given to increase the level of personal development and awareness of employees, was provided in halls which comply with social distancing regulations throughout the pandemic,

with their capacity not exceeding the limits set by the legal regulations and the halls disinfected before and after each training session. A total of 55,199 employee hours of basic OHS training was provided during the year.

OHS Performance Indicators

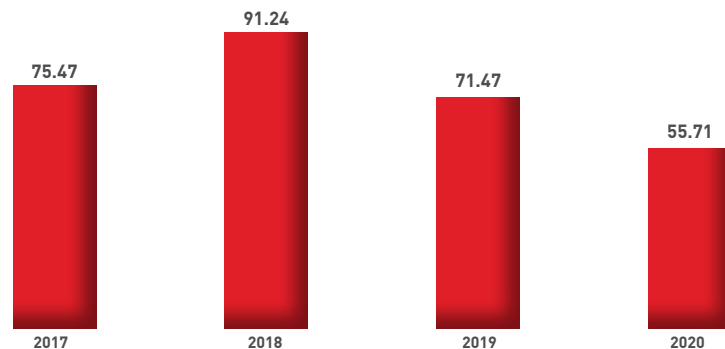
	2017	2018	2019	2020	2020/2019 change (%)
Injury Severity Rate	0.28	0.36	0.33	0.23	(30)
Injury Frequency Rate	75.47	91.24	71.47	55.71	(22)

Injury Severity Rate*



* Injury Severity Rate: Number of lost work days experienced per each 100 work days due to accidents

Injury Frequency Rate*



* Injury Frequency Rate: Number of injuries per 1 million employee-hours worked

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL CONTRIBUTION

Social Contribution Activities at Vestel Beyaz Eşya

Vestel Beyaz Eşya views acting with an awareness of social responsibility in all of its activities as one of the fundamental and unchangeable elements of its management approach, and in line with this approach, the Company carries out social activities and develops various projects which benefit society.

CONTRIBUTION TO SDG



Life Without Obstacles Projects

Many projects are carried out at Vestel, where the sensitivity towards especially persons with disabilities is demonstrated at every opportunity. In this context:

In 2020, a total of 19 individuals with disabilities were employed at Vestel, including 15 at Vestel Beyaz Eşya, taking the total number of individuals with disabilities working at Vestel to 464. The recruitment of candidates with disabilities has been temporarily restricted due to the pandemic.

- Individuals with mental disabilities had been recruited by Vestel within the scope of the ZEKI (Protected Workplace for People with Mental Disabilities) Project implemented by the MOIZ. The project continued in 2020 with the employment of 11 individuals, including 10 employees with disabilities and one teacher.

- Thanks to the Waste Plastic Cap Collection campaign, which has been ongoing since 2011, a total of 10,430 kg of waste plastic caps were collected in 2020 and 4 battery powered wheelchairs along with 3 manual wheelchairs were delivered to people in need.

CONTRIBUTION TO SDG



The Walker Project for Animals with Disabilities

Within the scope of its sustainability vision, Vestel Beyaz Eşya produced walkers which will bring a new lease of life to animals with disabilities with a social responsibility project launched in 2018. The Walker Project is a social responsibility project which aims to bring ease to the lives of animals with disabilities. Vestel Beyaz Eşya designed walkers for animals in need of assistance by using the parts of products which had completed their useful lives and, as a result of the work carried out in this context between 2018 and 2020, a total of 20

walkers for animals with disabilities were produced and donated.

The goal of the project, which is carried out in cooperation with the Manisa Metropolitan Municipality and MOSTEM (Private MOIZ Vocational and Technical Anatolian High School) is to reach animals with disabilities all over the world.

With the Walker Project, Vestel Beyaz Eşya, which displays its sensitivity to employees, society, the environment and those with fewer chances in lives with social responsibility projects, was deemed worthy of the "Best Social Responsibility Project" Award at the ACE of M.I.C.E Awards 2019 Event and Meeting Awards, which hosts world-renowned brands and professionals every year, the "Best Practice" Award in the "Large Companies Best Practice" category at the International CSR Excellence Awards held in London and the "CSR World Leader" title by the Green Organization.

The Walker Project received the "Most Creative Volunteering Project" Award in 2020 at the Heartfelt Awards, where successful programs and projects are awarded, organized by the Private



The “Big Inventions From Small Hands!” contest was held online and four Little Vestel Inventors who participated in the event were awarded a scholarship from the Mehmet Zorlu Foundation.

Sector Volunteers Association. In addition, the promotional film of the project was selected as the “Best Project Film”.

CONTRIBUTION TO SDG



Other Projects and Events

In line with the sustainability goals in human resources, a series of seminars entitled “Demli Chats” were launched in 2018 to raise employee awareness of certain issues (such as education, women and individuals with disabilities). In the Demli Chats, where issues such as the Education System, Gender Equality and Women’s Rights, Place and Representation of Women in Social Life, Disability Awareness, Being a Father and Conscious Parenting, Economic Developments in Turkey and in the World are discussed, employees can get answers to their questions from people who are experts in their fields.

Due to the global epidemic, the “Demli Chats” seminars were suspended in 2020, while seminars on social responsibility issues such as disability awareness and gender equality will continue online in 2021, with educational guests for special days.

Scarfs handmade by women were distributed to all women employees on the Women’s Day in 2020.

Vestel Beyaz Eşya demonstrates its position as a responsible employer

with the projects it develops which do not just consider its employees but also their families. With this in mind, the “Vestel Children’s Festival”, which is held annually for the children of employees as part of the April 23 National Sovereignty and Children’s Day celebrations, was held online this year due to the pandemic.

During the event, the “Big Inventions From Small Hands!” contest was held online and 4 Little Vestel Inventors who participated in the event were awarded a scholarship from the Mehmet Zorlu Foundation.

To mark the 100th April 23rd National Sovereignty and Children’s Day, Vestel Beyaz Eşya managers held online interviews with the children of employees in various positions at 7 different plants. The children, with their decorations of flags and balloons, provided managers with the enthusiasm of the April 23rd celebrations. The children, who are very curious about where their parents work, shared pictures which they drew of Vestel factories in their dreams with Vestel Beyaz Eşya executives. During the meeting, the children had the chance to see some of the production lines and robots used in production through a live connection from inside the factory. The children, who made Vestel Beyaz Eşya executives smile with their answers to their questions, offered their colourful drawings. Children who participated in the meeting by reading poems they had written and singing April 23rd anthems won over the appreciation and admiration of Vestel Beyaz Eşya executives.

In the “Our Students Who Made a Difference in 2019” study prepared by the Ministry of National Education, students and teachers from Uşak Science High School, who distinguished themselves with their projects, were hosted at Vestel Beyaz Eşya factories in January 2020. Evaluations were made on the presentation of the projects in a meeting attended by the company managers and R&D engineers who are experts in their field.

On October 24, 2020, Ziya Yıldız, a student of the Department of Electronics and Automation of Turgutlu Vocational Higher School of Manisa Celal Bayar University, who won the first prize in the TÜBİTAK-2242 Turkey finals, was hosted at Vestel Beyaz Eşya factories. Ziya Yıldız, who visited Vestel Beyaz Eşya factories together with the Project Advisor Associate Dr. Levent Paralı, met specialist engineers and provided a presentation of his project, which was awarded first prize in Turkey. After the presentation, engineers with different fields of expertise offered suggestions on future collaboration.

CONTRIBUTION TO SDG



Vestel Beyaz Eşya and Sustainability

The Sparks Movement

Within the framework of Zorlu Group's Smart Life 2030 sustainability approach, the main focus issues in the field of sustainability have been determined in line with the Sustainable Development Goals set out by the United Nations in order to eliminate poverty, protect the world and ensure that all people live in peace and prosperity, and efforts are carried out to achieve these goals. In this framework, 5 main indicators have been determined in the scope of corporate volunteering focus area:

- A zero accident severity rate
- Increasing the ratio of women employees in management and throughout the company
- Increasing the level of employee loyalty
- Increasing the rate of employee satisfaction
- Increasing corporate volunteering activities

Within the scope of "Increasing Corporate Volunteering Activities", which is one of these main indicators, the "Sparks Movement", which was initiated in 2019, aims to gather all volunteering projects under one roof with the awareness of social responsibility existing in the corporate culture and to generate projects which have a long-lasting impact on society. While work continues on the theme of "The Environment and Reducing Social Inequalities" in the general framework, volunteering activities within the scope of the Sparks Movement at Vestel Group of Companies are carried out in 5 basic groups: "The Environment", "Children", "Individuals with Disabilities", "Use of Materials" and "Animals-Our Friends". All employees who wish to contribute

voluntarily, regardless of the company, may participate in these activities. Employees who voluntarily contribute to this process are included in the process as a "Spark". Some examples of volunteering activities carried out in 2020 with the participation of the Vestel Sparks within the scope of the Spark Movement are given below:

The Vocational High School Coaches Program, which started in 2019 in cooperation with the Private Sector Volunteers Association (PSVA) is aimed at involving members of the Sparks in coaching the 10th and 11th grade students of vocational high schools for two years. In this context, members of the Sparks regularly meet with the same student group to support their socialization and development. A total of 23 Sparks who participated in the program completed their 10-hour coaching training last year. As of 2020, they had carried out a total of 103.5 hours of interviews with the students.

All employees may voluntarily participate in the "My Voice Heritage Project" realized in cooperation with GETEM. The books voiced by the volunteers approved for participation after trial recordings are sent to the e-library of the Boğaziçi University Visually Impaired Technology Center. Since the beginning of the study, a total of 58 audiobooks have been recorded, with the books receiving a total of 2,330 views.

A total of 8 Sparks participated in the "Science Heroes Meet" volunteer activity in cooperation with the Science Heroes Association, in order to listen and evaluate the experiences, skills and achievements of children participating in the activity, and 144 hours of jury training on competition topics such as innovative projects, robot design and core values were provided.

Within the scope of the "Happy Stories" project realized in cooperation with the Laughing Heals Association, stories were recorded and played online with the participation of volunteer Sparks so that children continuing their treatment at hospital could listen to the stories. A total of 73 different stories with a total of 36.5 hours of playtime were recorded with the participation of 63 Sparks.

Within the scope of the "Future Workshop for Children", workshops which encourage children to discover their talents, give a different direction to their imagination, increase their awareness of environmental and health issues and leave a mark on their lives, were carried out with a group of Sparks on online platforms. Handicrafts, fairy tales, music and dance workshops conducted by 5 Sparks in line with their own abilities and interests were completed with the participation of 11 children under the supervision of their parents.

With the "First Spark to Your Career" project, Vestel managers began preparations for a series of online conferences where they will share their experiences and technical knowledge on issues which appeal to the curiosity of university students unable to access equal opportunities.

CONTRIBUTION TO SDG



Sustainability Principles Compliance Framework

The “Sustainability Principles Compliance Framework” sets out the basic principles which publicly listed companies are expected to disclose while conducting their Environmental, Social and Corporate Governance (ESG) activities.

Although the implementation of these principles is voluntary, reporting the status of their implementation is obligatory in accordance with the principle of “Comply or Explain”.

The companies specified in the Article 1, paragraph 5 of the Communiqué on Corporate Governance (No. II-17.1) of the Capital Markets Board of Turkey, have to include the sustainability principles compliance framework in their annual reports, including the data for the year 2020, starting from 2021.

A. General Principles

A1. Strategy, Policy and Goals

The Board of Directors determines priority ESG issues, risks and opportunities and sets ESG policies accordingly. Internal directives, business procedures etc. may be prepared to ensure the effective implementation of these policies. The Board of Directors takes decisions regarding these policies and they are publicly disclosed.

Vestel Beyaz Eşya plans to implement the Integrated Reporting and Management System established by the International Integrated Reporting Council (IIRC) in 2021. The Company's Board of Directors aims to conduct a materiality analysis in 2021, which will

be carried out by taking the opinions of stakeholders and shareholders into account. Subsequently, the Company's sustainability strategy, risks and opportunities, environmental-social-governance (ESG) policies, short- and long-term goals, action plans and practices will be reviewed and renewed. (See Page: 73)

The Board of Directors determines the company strategy in line with the ESG policies, risks and opportunities. It determines the short- and long-term goals in line with the company strategy and ESG policies and discloses them to public.

Vestel Beyaz Eşya manages its sustainability strategy in parallel with the “Smart Life 2030” vision set out by its indirect controlling shareholder, Zorlu Holding, which focuses on the United Nations 2030 Sustainable Development Goals and directs the sustainability approach of all Zorlu Group companies. Vestel Beyaz Eşya plans to implement the Integrated Reporting and Management System established by the International Integrated Reporting Council (IIRC) in 2021. The Company's Board of Directors aims to conduct a materiality analysis in 2021, which will be formed by taking the opinions of stakeholders and shareholders. Subsequently, the Company's sustainability strategy, risks and opportunities, environmental-social-governance (ESG) policies, short- and long-term goals, action plans and practices will be reviewed and renewed. (See Page: 73)

For the Smart Life 2030 vision, refer to the link at <http://www.zorlu.com.tr/akillihayat2030/en/home>

A2. Implementation / Monitoring

The Board of Directors determines the committees/units responsible for the execution of ESG policies and discloses them to the public. The responsible committees or units shall report the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the maximum period determined for the public disclosure of the annual report in accordance with the CMB's relevant regulations.

A “Sustainability Committee” was established within Zorlu Holding with the participation of representatives from Zorlu Group companies, including Vestel Beyaz Eşya, and the leaders of the working groups formed for the priority topics. This committee convenes at least once a year at the required intervals, shares the work carried out in all Zorlu Holding and affiliated companies, and informs the senior management of developments. Vestel Beyaz Eşya will renew its own internal sustainability committees within the scope of the Integrated Reporting and Management System in 2021 and report to its Board of Directors at least once a year. (See page: 73)

The Board of Directors creates implementation and action plans in line with the short- and long- term goals determined and discloses them to the public.

Zorlu Holding has set its sustainability targets for 2022 within the scope of the 7 priority issues (Corporate Governance, Community Relations, R&D and Innovation, Employees, Environment, Customer Relations and Supply Chain) within the framework of the Smart Life 2030 sustainability vision. Vestel Beyaz Eşya and other Zorlu Group companies contribute to the achievement of the consolidated targets. (See: <http://www.zorlu.com.tr/akillihayat2030/en/home>)

Sustainability Principles Compliance Framework

As part of the Integrated Reporting and Management System which will be implemented in 2021, Vestel Beyaz Eşya will set its own short- and long-term goals, create action plans in line with them, and announce them to the public in the following reporting period. (See page: 73)

The company determines its Key ESG Performance Indicators (KPIs) and discloses them on an annual basis. Provided that there is confirmable data, the company presents its KPIs together with local and international sector comparisons.

Key Performance Indicators for ESG issues are included in the “Environmental Indicators”, “HR Indicators” and “OHS Performance Indicators” tables in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 79, 82, 83, 84, 85, 99, 101)

The company discloses innovation activities which improve its sustainability performance for business processes or products and services.

Vestel Beyaz Eşya aims to reduce the environmental impact of its production processes through using recyclable materials in production, reducing the variety in material use and using less raw materials and monitors its sustainability performance indicators such as energy saving, waste reduction, reuse and recycling, limiting or eliminating harmful chemicals. (See page: 73)

Information regarding the Company’s sustainable product portfolio and innovation activities can be found under the heading of “Sustainability in Products” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 86, 87)

A3. Reporting

The company reports its sustainability performance, targets and actions at least once a year and discloses them to the public. It discloses information on its sustainability activities in the annual report.

Vestel Beyaz Eşya aims to implement the Integrated Reporting and Management System established by the IIRC in 2021.

The Company will publicly disclose its own sustainability goals and actions in its 2021 integrated report/integrated annual report, apart from those contained within the Zorlu Holding umbrella targets. (See page: 73)

Information on the Company’s sustainability performance and activities within the scope of sustainability in 2020 can be found in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 73-104)

It is essential to share information which is important for stakeholders in understanding the position, performance and development of the company in a direct and concise manner. The company may also disclose detailed information and data on the corporate website, and prepare separate reports which directly meet the needs of different stakeholders.

Vestel Beyaz Eşya will identify issues which are important to all of its stakeholders through a materiality analysis planned to be carried out in 2021. In this analysis, surveys and one-to-one interviews will be conducted with all internal and external stakeholders. The results of the analysis to be carried out in order to understand the needs of different stakeholders will be published in the 2021 integrated report/integrated annual report. (See page: 73)

The company takes maximum care to ensure transparency and reliability. It objectively explains all kinds of developments concerning material issues in its disclosures and reporting within the scope of a balanced approach.

All sustainability performance data is transparently disclosed in 4-year trends, regardless of whether it is positive or negative. (See Environmental Indicators - Pages: 79, 82, 83, 84, 85; OHS Performance Indicators - Page: 101)

The company states which of the United Nations (UN) 2030 Sustainable Development Goals its activities are relevant to.

Since 2016, Vestel Beyaz Eşya has been managing its sustainability efforts under a coordinated and strategic approach in line with the “Smart Life 2030” sustainability vision of Zorlu Holding and Group companies, which focuses on the United Nations 2030 Sustainable Development Goals. (See page: 73)

The UN 2030 Sustainable Development Goals which are served by Vestel Beyaz Eşya’s activities are indicated with logos under the relevant headings in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 73-104)

The company discloses any legal action taken or concluded in environmental, social and corporate governance issues to the public.

No legal action was taken or concluded against Vestel Beyaz Eşya in regard to environmental or corporate governance issues. In the social context, two lawsuits related to occupational accidents were filed against Vestel Beyaz Eşya in 2020, but the claims have not been finalized and the lawsuits are still ongoing.

A4. Verification

If verified by independent third parties (independent sustainability assurance providers), the company discloses its sustainability performance measurements to the public and seeks to increase such verification processes.

Vestel Beyaz Eşya has been measuring its carbon footprint since 2012 and has been reporting to the CDP. In addition, since 2016, it has been calculating its carbon footprint according to TS EN ISO 14064 standards and have it verified by accredited organizations. Vestel Beyaz Eşya's water footprint has also been verified by organizations authorized by TÜRKAK in accordance with the ISO 14046 standards since 2016. (See pages: 74, 75)

The relevant sustainability performance measurements can be viewed on pages 79 and 82 of the annual report.

B. Environmental Principles

The company discloses its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.

The Company's Environmental Policy and Environmental Management System are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report, under the heading "Environmental Policy and Environmental Management System". (See pages: 74, 75)

The company complies with environmental laws and other relevant regulations, and discloses them.

Vestel Beyaz Eşya considers compliance with the applicable legislation and administrative regulations, all legal and

other requirements and international operating standards related to the environment as a basic requirement in its processes, and duly fulfils this requirement.

See "Compliance with Legal Regulations in Production Processes" (page: 81)

The company discloses the limitations such as the scope, reporting period, reporting date, data collection process and the reporting conditions of the environmental report to be included in the sustainability report to be prepared within the scope of Sustainability Principles.

Information regarding the environmental reporting of the Company is available under the heading "Environmental Policy and Environmental Management System" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 74, 75)

The company discloses its most senior officer, relevant committees and their duties on the issues of the environment and climate change.

The highest-level officials and related committees regarding the environment and climate change and their duties are included under the heading of "Environmental Policy and Environmental Management System" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 74, 75)

The company discloses its incentives for managing environmental issues, including the achievement of goals.

The incentives provided by Vestel Beyaz Eşya for the management of environmental issues, including the achievement of targets, are included under the heading "Environmental Policy and Environmental Management System" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 74, 75)

The company discloses how environmental problems are integrated into its business goals and strategies.

An annual management review meeting is held to evaluate environmental risks and opportunities with the senior management, and the decisions taken are integrated into business goals and strategies. A review meeting may be held on key environmental issues without waiting for a year.

The review regarding the integration of sustainability issues into the business strategy will be reconsidered when the Integrated Reporting and Management System is put in place in 2021. (See page: 73)

The company discloses the sustainability performance of its business processes or products and services, and the activities put in place to improve this performance.

Sustainability performance and activities to improve performance are included under the heading "Sustainability Approach and Strategy" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See page: 73)

The company discloses how it manages environmental issues throughout its value chain and how it integrates suppliers and customers into its strategies, not just in terms of direct operations.

Information on how environmental issues are managed throughout the Company's value chain is provided under the heading of "Sustainability in the Supply Chain" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 87-89)

Sustainability Principles Compliance Framework

The company discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); the collaborations it has made with the environmental associations, related organizations and non-governmental organizations of which it is a member; the duties it has undertaken, if any; and the activities it supports.

The Company's contributions to policy-making processes on environmental issues and its collaborations in environmental issues are included under the heading of "Collaborations in Environmental Issues" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See page: 76)

The company reports comparable information on its environmental impacts periodically in the light of environmental indicators (Greenhouse gas emissions [Scope-1 {direct emissions}, Scope-2 {indirect emissions – owned}, Scope-3 {indirect emissions – not owned}]¹, air quality, energy management, water and wastewater management, waste management, and biodiversity impacts).

Environmental indicators are included in the "Environmental Indicators" tables on a periodical basis in a manner which is comparable in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See Environmental Indicators – Pages: 79, 82, 83, 84, 85)

In addition, explanations on the subject are included under the heading "Conservation of Biodiversity". (See page: 80)

The company discloses the details of the standard, protocol, methodology, and the base year used to collect and calculate its data.

Environmental monitoring and measurement programs are used at Vestel Beyaz Eşya to collect and calculate environmental data. Data on energy and water consumption are tracked from the invoices while data on waste is tracked through the recording system. In accordance with legal requirements for air quality, emission measurements are conducted every 2 years. In addition, direct and energy indirect Greenhouse Gas Emissions are verified every year in accordance with the TS EN ISO 14064-1 Standard. (See page: 75)

See "Environmental Indicators" (Pages: 79, 82, 83, 84, 85)

The company discloses the status of environmental indicators (increase or decrease) for the reporting year in comparison with previous years.

Environmental indicators are included under the headings of "Environmental Indicators" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report in comparison with previous years. (See Environmental Indicators – Pages: 79, 82, 83, 84, 85)

The company sets short- and long-term targets to reduce the environmental impact of its activities and discloses these targets. It is recommended that these targets be determined based on scientific data as suggested by the United Nations Conference of the Parties on Climate Change. The company discloses any progress made in the reporting year towards the previously established targets.

In 2021, Vestel Beyaz Eşya aims to complete the necessary work to determine its science-based targets as suggested by the United Nations Climate Change Conference of the Parties to reduce its environmental impact. (See page: 75)

The company discloses its strategy and actions to combat the climate crisis.

The strategy and actions to combat the climate crisis are covered under the titles "Combating the Climate Crisis" and "Carbon Footprint and Carbon Disclosure Project" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 78, 79, 80)

¹ **Scope 1 Direct Greenhouse Gas Emissions:** Greenhouse gas emissions emitted from greenhouse gas sources owned or controlled by an organization

- Stationary combustion (boiler, furnace, turbine, heater, incinerator, engine, etc.)

- Mobile combustion (cars, trucks, ships, aircraft, etc.)

- Process emission (CO₂ from calcination in cement production, CO₂ from the catalytic cracking process in the petrochemical industry, PFC (Perfluorocarbon) emission in aluminium melting)

- Fugitive emissions (leaks from equipment connections, wastewater treatment plant, cooling towers, gas processing plants, etc.)

Scope 2 Indirect Greenhouse Gas Emissions: Greenhouse gas emission occurring during the generation of electricity, heat or steam outsourced and consumed by an organization

Scope 3 Other Indirect Greenhouse Gas Emissions: Apart from indirect greenhouse gas emissions from energy, greenhouse gas emissions arising from the greenhouse gas sources owned or controlled by other organizations as a result of the activities of an organization

The company discloses the program or the procedures put in place to prevent or minimize the potential negative impact of its products and/or services. It also discloses its actions towards reducing the greenhouse gas emissions of third parties.

Vestel Beyaz Eşya details its efforts to prevent or minimize the potential negative effects of its products in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. Actions to reduce greenhouse gas emissions are presented in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the titles "Combating the Climate Crisis", "Carbon Footprint and Carbon Disclosure Project", "Energy Management and Energy Efficiency" and "Sustainability in the Supply Chain". (See pages: 78, 79, 80, 84, 85, 87, 88, 89)

The company discloses the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits, gains and cost savings associated with them.

Actions taken by Vestel Beyaz Eşya to reduce its environmental impacts, the projects and initiatives carried out by the Company and the environmental benefits they provide are provided in detail in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 73-104). In addition, the Company's activities to reduce its environmental impacts are also explained in the CDP Climate Change reports. (Vestel Beyaz Eşya's CDP reports can be accessed from <http://www.vestelinvestorrelations.com/en/sustainability/ecological-awareness/climate-change.aspx>). The total cost savings were not calculated due to the size of the structure.

The company reports its total energy consumption data (excluding raw materials) and sets out its energy consumption in Scope-1 and Scope-2 categories.

Total energy consumption data is provided in the Environmental Indicators table under the heading "Energy Management and Energy Efficiency" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See page: 84, 85)

Scope-1 and Scope-2 greenhouse gas emissions are given in the Environmental Indicators table under the "Carbon Footprint and Carbon Disclosure Project" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See page: 79)

The company provides information on the electricity, heat, steam and cooling generated and consumed during the reporting year.

Information on energy consumption is provided in the Environmental Indicators table under the heading "Energy Management and Energy Efficiency" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 84, 85)

No electricity was generated and no steam energy was consumed during the reporting year.

The company conducts activities on increasing the use of renewable energy, pursuing transition to zero or low carbon electricity and discloses such activities.

In addition, new projects are planned to be implemented in the areas of using low-carbon electricity, purchasing renewable energy certificates to reset or reduce the Company's carbon footprint from purchased electricity, and conserving resources.

In addition, new projects are planned to be implemented in the areas of using low-carbon electricity, purchasing renewable energy certificates to reset or reduce the Company's carbon

footprint from purchased electricity, and conserving resources. (See page: 84)

The company discloses its renewable energy production and usage data.

In the reporting period, there was no renewable energy generation or usage but the Company carries out feasibility studies on the use of solar energy and the purchase of renewable energy certificates to reset or reduce the carbon footprint of purchased electricity. (See page: 84)

The company carries out energy efficiency projects and discloses the amount of energy consumption and the reduction in emissions realized as a result of these activities.

Studies for energy efficiency and the savings achieved in energy consumption as a result of these efforts are included under the heading "Energy Management and Energy Efficiency" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See pages: 84, 85)

The company reports the amount of water which is withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by the withdrawal of water; percentage and total volume of recycled and reused water, etc.).

Data on water usage can be found under the heading of "Water Management and Water Footprint" in the "Vestel Beyaz Eşya and Sustainability" section of the annual report. (See page: 82)

Sustainability Principles Compliance Framework

The company discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).

Vestel Beyaz Eşya's operations are not included in any carbon pricing system.

The company discloses information on the carbon credits accumulated or purchased during the reporting period.

Although there were no carbon credits accumulated or purchased during the reporting period, Vestel Beyaz Eşya continues to work on purchasing carbon credits.

The company discloses the details of any carbon pricing applied within the Company.

Carbon pricing is not applied at Vestel Beyaz Eşya.

The company discloses all mandatory and voluntary platforms where the Company presents its environmental information.

Information on platforms where environmental information is disclosed are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the headings of "Environmental Policy and Environmental Management System", "Carbon Footprint and Carbon Disclosure Project" and "Water Management and Water Footprint". (See pages: 74, 75, 78, 79, 80, 82)

C. Social Principles

C1. Human Rights and Employee Rights

The Company develops a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, the ILO Conventions, which are ratified by Turkey and the legal framework and legislation regulating human rights and working life in Turkey. It discloses the policy in question, and the roles and responsibilities for its implementation, to the public.

Vestel Beyaz Eşya respects the human rights and dignity of all its employees. It treats its employees within the principles of equality and honesty. It undertakes full compliance with the Universal Declaration of Human Rights, the ILO Conventions ratified by Turkey and the legal framework and legislation governing human rights and working life in Turkey in order to create a safe and healthy working environment.

Information and policies on human and employee rights are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the heading "Human Resources at Vestel Beyaz Eşya". (See pages: 89-100)

The company provides equal opportunity in recruitment processes. With consideration of supply and value chain effects, it includes the issues of fair labour, improvement of labour standards, women's employment and inclusion (on the basis of gender, religious belief, language, race, ethnic origin, age, disability, refugee status, etc.) in its policies.

Information on recruitment processes is included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the heading "Equal Opportunity in Recruitment Processes". (See pages: 90, 91)

The company discloses the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equality of opportunity.

Information on equality of opportunity and the measures taken along the value chain are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the headings of "Equal Opportunity in Recruitment Processes" and "Regulations Preventing Discrimination, Inequality, Human Rights Violations, Forced Labour and Child Labour". (See pages: 90, 91, 92)

The company reports developments regarding discrimination, inequality, human rights violations, forced labour, and corrective practices. The company discloses its regulations to prevent child labour.

Practices and regulations on this issue are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the heading "Regulations Preventing Discrimination, Inequality, Human Rights Violations, Forced Labour and Child Labour". (See page: 92)

The company discloses its policies regarding investment in employees (training, development policies), compensation, fringe benefits, the right to unionization, work/life balance solutions and talent management. It determines dispute resolution processes by creating mechanisms to deal with employee complaints and dispute resolution. It regularly discloses the activities carried out to ensure employee satisfaction.

Investments in employees and activities related to employee satisfaction are included in the "Vestel Beyaz Eşya and Sustainability" section of the annual

report under the headings “Investment in Employees: Qualified and Sustainable Training Activities”, “Zorlu Academy Online Training Platform”, “Employee Satisfaction and Conflict Resolution Processes” and “Work/Life Balance Solutions at Vestel Beyaz Eşya”. (See pages: 92, 93, 94, 95, 98)

Managers inform employees of decisions which may affect them. There is no personnel at Vestel Beyaz Eşya working under the Collective Bargaining Agreement. All employee rights and benefits are protected and observed under the Labour Law No. 4857.

The company establishes occupational health and safety policies and announces them to the public. The company discloses the precautions taken to avoid occupational accidents and to protect health and publishes accident statistics.

Information on occupational health and safety policy, measures taken to prevent occupational accidents and accident statistics are included under the heading “Occupational Health and Safety (OHS) Policy and Practices” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 100, 101)

The company creates and publicly discloses personal data protection and data security policies.

Information on the protection of personal data and data security is included in the “Vestel Beyaz Eşya and Sustainability” section of the annual report under the heading “Protection of Personal Data and Data Security Policies”. (See pages: 98, 99)

The company creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) and discloses it to the public.

Information on the ethical policy can be found in the “Vestel Beyaz Eşya and Sustainability” section of the annual report, under the heading “Ethics Policy”. (See page: 90)

The company discloses its work within the scope of social investment, social responsibility, financial inclusion and access to finance.

Studies on social investment and social responsibility are included under the heading “Corporate Social Responsibility and Social Contribution” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 102, 103, 104)

The company organizes information meetings and training programs for employees on ESG policies and practices.

Vestel Beyaz Eşya aims to hold informative meetings and provide training programs for employees on ESG policies and practices, which will be renewed in 2021. (See page: 93)

C2. Stakeholders, International Standards and Initiatives

The company conducts its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).

Vestel Beyaz Eşya carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.). (See page: 73)

The company creates a customer satisfaction policy regarding the management and resolution of customer complaints and announces it to the public.

Vestel Customer Services has held TS ISO 10002 Customer Satisfaction Management System Certification since 2015. (See pages: 68, 69)

The company conducts stakeholder communication continuously and transparently discloses information on which stakeholders the communication is conducted with, the purpose, subject and frequency of the communication, and the progress in its sustainability activities.

Vestel Beyaz Eşya conducts stakeholder communication continuously and transparently. Information concerning stakeholder communication is summarized in the table below:

Sustainability Principles Compliance Framework

Employees	Intracompany information in different formats (e-mail, digital screens, online platforms, face-to-face meetings)
	Surveys, opinion and advice kiosks
	Trainings
	Annual company meetings
	Annual reports
	Online and physical in-house leader communication sessions
	Industrial Excellence Principles
Sectoral Organizations and Associations, NGOs, International Organizations	Membership to professional and sectoral associations
	Chairmanship at the boards of professional and sectoral associations
	Annual reports
	Research reports
	Participation in seminars and summits
Suppliers	Zorlu Holding Supply Chain Principles
	Inspection and counts
	Periodic evaluation meetings
	Announcements
	Annual reports
Investors and Shareholders	Public disclosures
	Press releases
	Website
	One-to-one meetings and e-mail correspondence
	Phone calls
	Video conferences
	Investor conferences and roadshows
	General Shareholders' Meetings
	Annual and interim activity reports
	Investor presentations
Public Institutions	Brokerage research reports
	One-to-one visits
	Team meetings with relevant institutions
	Reports, analyses
Media	Public events
	Press releases and interviews
	Advertisements
	Social media
	Website
	Press meetings
	Fair visits
Consumers and Customers	Reports and researches
	Press releases and interviews
	Advertisements
	Social media
	Website
	Customer services
Local Community	Annual reports
	Regular visits
	Annual reports
	Seminars and educational activities
	Social responsibility projects
Universities	University career events
	University and student club sponsorships
	Reports and research studies
	Joint ventures and projects

The company publicly discloses the international reporting standards it has adopted such as the Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB) and Climate-Related Financial Disclosures Task Force (TCFD).

The international reporting standards adopted by Vestel Beyaz Eşya are included under the heading “Carbon Footprint and Carbon Disclosure Project” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See pages: 78, 79, 80)

Vestel Beyaz Eşya aims to implement the Integrated Reporting and Management System established by the IIRC in 2021. (See page: 73)

The company publicly discloses the international organizations or principles such as the Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FII), United Nations Global Principles (UNGCI), United Nations Principles for Responsible Investment (UNPRI), of which it is a signatory or a member, and international principles adopted (such as the International Capital Market Association (ICMA) or Green/Sustainable Bond Principles).

Information regarding the international organizations and principles which Vestel Beyaz Eşya is a signatory to or a member of, are included under the heading “Collaborations in Environmental Issues” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See page: 76)

The company undertakes concrete efforts to be included in the Borsa Istanbul Sustainability Index and international sustainability indices such as the Dow Jones Sustainability Index, the FTSE4Good or the MSCI ESG Indices.

Vestel Beyaz Eşya is included in the Borsa Istanbul (BIST) Sustainability

Index. Vestel Beyaz Eşya was voluntarily included in the BIST Sustainability Index for the first time in November 2016. Having been listed in the index for four periods, and having maintained its compliance with the index criteria in 2020, Vestel Beyaz Eşya will be included in the BIST Sustainability Index voluntarily in the December 2020-October 2021 period as well. (See page: 73)

D. Corporate Governance Principles

The company undertakes maximum effort to comply with all the Corporate Governance Principles besides the mandatory principles in the Corporate Governance Principles appended to the CMB’s Communiqué on Corporate Governance (II-17.1).

Vestel Beyaz Eşya Sanayi ve Ticaret AŞ carries out its activities in compliance with the applicable legislation and the “Corporate Governance Principles” set out by the Capital Markets Board. The Company fully complies with all the compulsory principles set out in the Corporate Governance Principles appended to the CMB’s Communiqué on Corporate Governance (II-17.1), and has also voluntarily adopted the majority of the non-compulsory principles.

The company takes into account the issue of sustainability, the environmental impact of its activities and the principles in this regard while determining its corporate management strategy.

Information on this subject is available under the heading “Sustainability Approach and Strategy” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See page: 73)

As stated in the Corporate Governance Principles, the company takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen communication with stakeholders. It seeks the opinions of stakeholders in determining measures and strategies in the field of sustainability.

Vestel Beyaz Eşya aims to implement the Integrated Reporting and Management System established by the IIRC in 2021. The Board of Directors aims to conduct a materiality analysis in 2021, which will be carried out by taking into account the opinions of stakeholders and shareholders.

In this analysis, surveys and one-to-one interviews will be held with all internal and external stakeholders. The results of the analysis, which is being conducted with an aim of understanding the needs of stakeholders, will be set out in the 2021 integrated report/integrated annual report. (See page: 73)

The company works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and training.

Information on social responsibility projects, awareness activities and training on this subject are included under the heading of “Corporate Social Responsibility and Social Contribution” in the “Vestel Beyaz Eşya and Sustainability” section of the annual report. (See page: 102, 103, 104)

The sustainability training program carried out with the Boğaziçi University Lifelong Education Center is under the title of “Collaborations in Environmental Issues”. (See page: 76)

Sustainability Principles Compliance Framework

The company endeavors to become a member of the international standards and initiatives on sustainability and to contribute to such studies.

Information on membership and contributions to international standards and initiatives on sustainability is included in the "Vestel Beyaz Eşya and Sustainability" section of the annual report under the headings of "Collaborations in Environmental Issues" and "Compliance with Legal Regulations in Production Processes". (See pages: 76, 81)

The company discloses its policies and programs towards the principle of tax honesty that aim to combat bribery and corruption.

Zorlu Holding's Ethical Principles, which are also adopted by Vestel Beyaz Eşya in its efforts to tackle bribery and corruption, are designed to include issues related to anti-bribery and anti-corruption and are available to all stakeholders on the corporate website.

Employees are also provided with in-house training on this subject. (See page: 94)

There is a Tax Department within the company to ensure tax compliance. In addition, periodic and systematic inspections are carried out by the Tax Audit Directorate and the Internal Audit Review Directorate under the Audit General Directorate within Zorlu Holding in order to prevent risks.



Additional Disclosures Required by the Legislation

Additional Disclosures Required by the Legislation

ADDITIONAL DISCLOSURES MADE WITHIN THE SCOPE OF THE REGULATION ON THE DETERMINATION OF THE MINIMUM CONTENT OF ANNUAL REPORT OF COMPANIES DATED 28.08.2012 AND NUMBERED 28395

GENERAL INFORMATION

Reporting Period:	01.01.2020 - 31.12.2020
Legal Name:	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ
Trade Registry Information:	Istanbul Trade Registry Office, No: 380814
Registered Capital Ceiling:	-
Paid-in/Issued Capital:	TL 190.000.000
Contact Information for the Headquarters and Branches:	<p>Head Office: Levent 199 Büyükdere Cad. No: 199 34394 Şişli - ISTANBUL / TURKEY Phone: + 90 (212) 456 22 00</p> <p>Branch 1: Manisa Branch Organized Industrial Zone, III. Kısım Keçiliköy OSB Mah. Mustafa Kemal Bulvarı No: 10 Yunusemre - MANISA / TURKEY Tel: +90 (236) 226 30 00</p> <p>Branch 2: Manisa Protected Workplace Branch Keçiliköy OSB Mah. 5639 Sok. No:17/2/12 Yunusemre - MANISA / TURKEY Phone: +90 (236) 226 30 00</p>
Company Website:	www.vestel.com.tr
Investor Relations Website:	http://vesbe.vestelinvestorrelations.com

Shareholding Structure and Capital Distribution

As of 31.12.2020, the Company's shareholding structure is as follows:

Shareholders	Nominal Value of Shares (TL)	Share in Capital (%)
Vestel Elektronik Sanayi ve Ticaret AŞ	170,815,578	89.9
Other (Free Float)	19,184,422	10.1
Total	190,000,000	100.0

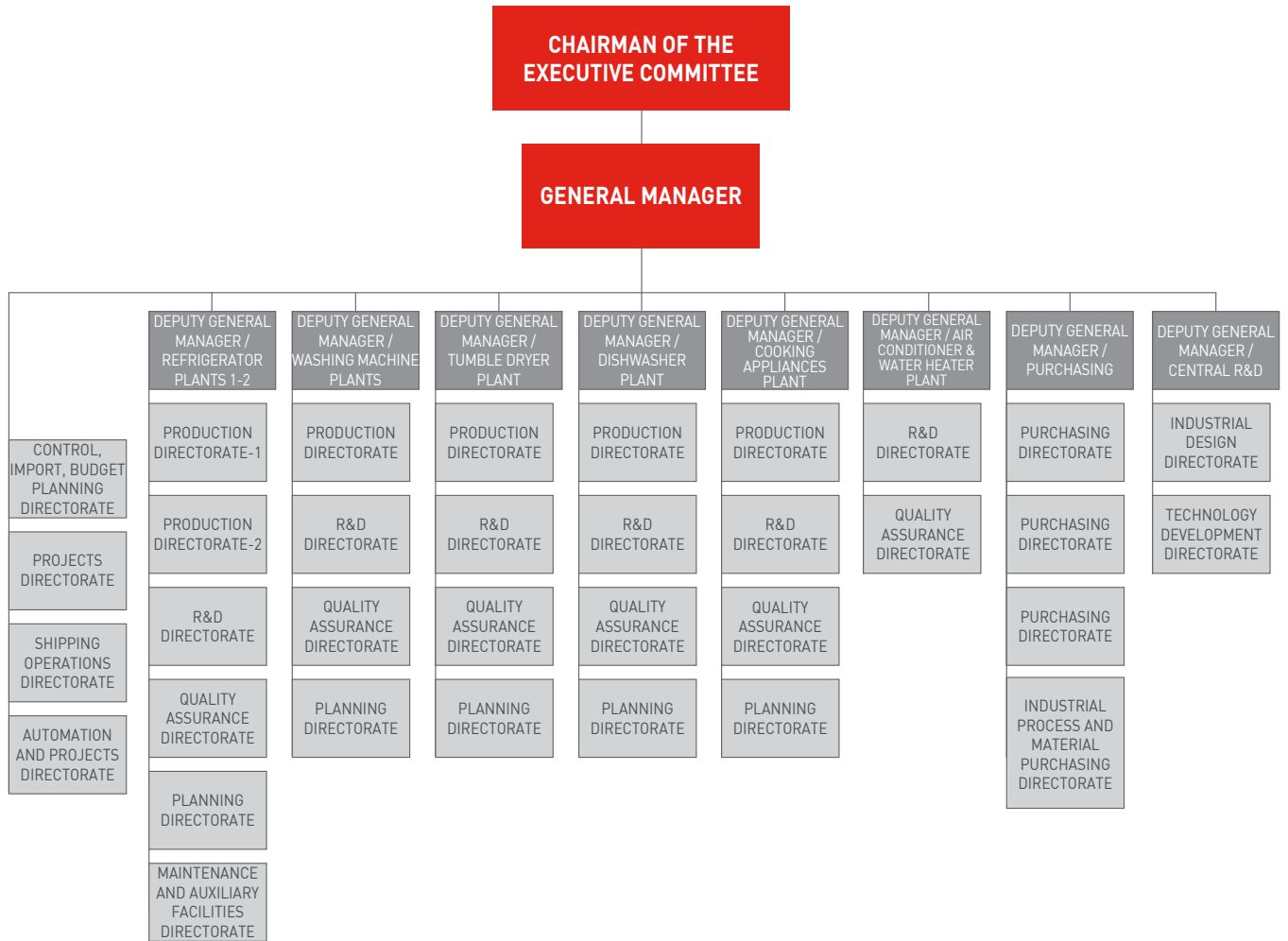
As of 31.12.2020, the Company has 59,800,000 of shares (31.5% of the share capital) which can be traded on Borsa Istanbul.

Vestel Elektronik's stake in Vestel Beyaz Eşya declined from 95.18% to 89.9% following the share sale transactions executed on Borsa Istanbul on June 29, 2020, September 3, 2020 and November 25, 2020.

Privileged Shares and Voting Rights of Shares

There are no privileged shares in the Company.

Organizational Chart of Vestel Beyaz Eşya



Additional Disclosures Required by the Legislation

The Board of Directors

The members of the Board of Directors are elected by the General Assembly in accordance with the provisions of the Company's Articles of Association pursuant to the Turkish Commercial Code and relevant regulations. In the event of a vacancy in the Board of Directors, a new member shall be appointed to the vacant position by the Board of Directors in accordance with the Articles of Association and the relevant provisions of the Turkish Commercial Code. If the vacant position is for an independent member of the Board, the appointment shall be made in accordance with the regulations of the Capital Markets Board. The approval of the shareholders for the newly appointed member shall be obtained at the first General Meeting of Shareholders. The member approved by the General Assembly shall complete the term of office of his/her predecessor.

The Board members elected at the 2019 Annual General Meeting held on 30 June 2020, who have executed their duty during the period, and their tenure are listed in the table below.

Member	Duty	Term of Office		Other Positions Held Within Zorlu Group	Positions Held Outside the Zorlu Group	Status
		Beginning Date	Ending Date			
Ahmet Nazif Zorlu	Chairman	June 30, 2020	June 30, 2023	Chairman and Vice Chairman at Zorlu Group Companies	-	Non-executive
Elmas Melih Araz	Vice Chairman	June 20, 2020	June 30, 2023	Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ	Board Member at Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Tab Gıda Yatırımları AŞ, Burger King China JV Ltd. İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ	Independent
Olgun Zorlu	Board Member	June 30, 2020	June 30, 2023	Board Member at Zorlu Group Companies	-	Non-executive
Şule Cümbüş	Board Member	June 30, 2020	June 30, 2023	-	Chairperson at Z Gurme Restoran Gıda Sanayi ve Ticaret AŞ	Non-executive
Selen Zorlu Melik	Board Member	June 30, 2020	June 30, 2023	Board Member at Zorlu Group Companies	-	Non-executive
Bekir Ağırdir	Board Member	June 30, 2020	June 30, 2023	Vice Chairman at Vestel Elektronik Sanayi ve Ticaret AŞ and Vice Chairman at Zorlu Enerji Elektrik Üretim AŞ	General Manager and Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi	Independent
Ayşegül İlideniz	Board Member	June 30, 2020	June 30, 2023	Board Member at Vestel Elektronik Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ	COO at Silver Spring Networks and Board Member at Eczacıbaşı Holding AŞ	Independent

Changes in the Board of Directors in the Reporting Period

There has been no change in the Board of Directors elected at the Annual General Meeting during the year.

Duties and Authorities of the Members of the Board of Directors

The Chairman and the members of the Board of Directors have the duties and the authorities set forth in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association.

Number of Board Meetings held during the year and the Attendance Rate of Board Members

Board of Directors convened 12 times in 2020. While 3 physical meetings were held until March, 9 virtual meetings were held after the pandemic. The members of the Board of Directors attended the meetings to a large extent regularly and the attendance rate to the meetings stood at 96%.

Senior Management

Name Surname	Job Title
Enis Turan Erdoğan	Chairman of the Executive Committee
Bekir Cem Köksal	Executive Committee Member
Necmi Kavuşturan	Executive Committee Member
Erdal Haspolat	General Manager
Alp Dayı	Chief Financial Officer
Hasan Uğur	Deputy General Manager in Charge of the Refrigerator Plants
Mehmet Yavuz	Deputy General Manager in Charge of the Cooking Appliances Plant
Özgür Yılmaz	Deputy General Manager in Charge of Purchasing
Serhat Tolga Sönmez	Deputy General Manager in Charge of the Dishwasher Plant
Serkan Balcı	Deputy General Manager in Charge of the Washing Machine Plants
Özgün Döşemeciler	Deputy General Manager in Charge of the Tumble Dryer Plant
Turgay Büyük	Deputy General Manager in Charge of Central R&D

Changes in the Senior Management during the year

Özgür Yılmaz, who has been serving as the Deputy General Manager in Charge of the Washing Machine and Tumble Dryer Plants, was appointed as the Deputy General Manager in Charge of Purchasing in January 2020.

Özgün Döşemeciler, who has been serving as R&D Manager, was appointed as Deputy General Manager in Charge of the Tumble Dryer Plant in September 2020.

Serkan Balcı, who has been serving as R&D Manager at the Washing Machine Plant, was appointed as the Deputy General Manager in Charge of the Washing Machine and Tumble Dryer Plants in January 2020. Because of the appointment of Özgün Döşemeciler as the Deputy General Manager in Charge of the Tumble Dryer Plant in September 2020, Serkan Balcı will continue his position as the Deputy General Manager in Charge of the Washing Machine Plants.

Turgay Büyük, who has been serving as the Technology Development Manager, was appointed as the Deputy General Manager in Charge of Central R&D in September 2020.

Number of Employees

As of 31.12.2020, Vestel Beyaz Eşya has 9,210 employees.

Additional Disclosures Required by the Legislation

Transactions of Board Members conducted with the Company on Behalf of Themselves or of a Third Party and Their Activities within the scope of Prohibition of Competition

In the Annual General Meeting held on 30 June 2020, the members of the Board of Directors were given permission for the year 2020 to carry out transactions in accordance with the Articles 395 and 396 of the Turkish Commercial Code. The Board members did not take any action under this scope during the year.

Personnel and Labour Movements and Collective Bargaining Practices and the Rights and Benefits provided to Employees

The Company does not employ any personnel working under the Collective Bargaining Agreement. All employee rights and interests are protected and overseen under the Labour Law No. 4857.

Amendments to the Articles of Association

No changes were made to the Company's Articles of Association during the reporting period.

COMPENSATION AND MONETARY BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR MANAGERS

At the Company's 2019 Annual General Meeting held on 30 June 2020, the decision was taken to pay a net annual remuneration of TL 182,160 of (TL 15,180 per month) to each independent Board member and making no payment to other Board members for the year 2020.

In the twelve-month period ending on 31.12.2020, the total compensation and monetary benefits provided to the members of the Board of Directors and senior managers amounted to TL 8,488 ths. in total.

ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS REGARDING THE ACTIVITIES

Capacity and Production

Plants	Plant Enclosed Area (m ²)
Refrigerator	148,916
Washing Machine	42,327
Air Conditioner	8,500
Cooking Appliances	34,100
Dishwasher	28,580
Washing Machine and Tumble Dryer	66,061
Warehouse	74,496
Container Site Land	2,884
Total	405,864

Vestel Beyaz Eşya's total capacity utilization rate (CUR) was 77% in 2020 (CUR in 2019: 77%). With the completion of the capacity expansion investment, the annual production capacity of the refrigerator plant increased by 500,000 units at the end of January, taking the total annual production capacity of Vestel Beyaz Eşya from 12,000,000 units to 12,500,000 units.

Production

The Company's production volume increased by 5% yoy in 2020.

Sales

Vestel Beyaz Eşya recorded TL 9,453,175 ths. of gross revenues in 2020, of which TL 7,287,032 ths. comprised of export revenues. 59% of total revenues were generated from sales to European countries, 23% from domestic market and 18% from sales to other countries.

Net sales grew by 35% in Turkish Lira terms while unit sales increased by 6% compared to the previous year.

Investments and Investment Incentives

The Company's total capital expenditures amounted to USD 85.6 million in 2020. Machinery and equipment investments accounted for the highest portion with a 41% share, followed by land acquisition (22%), mold investments (19%) and research and development activities (13%).

Information on Direct and Indirect Subsidiaries and Ownership Interests

The Company does not have any directly or indirectly owned subsidiary.

Information on the Company's acquisition of its own shares

The Company did not acquire its own shares in 2020.

Information on Special Audit and Public Audit

Within the framework of the regulations of the Capital Markets Board regarding financial reporting and independent audit, the Company's semi-annual and yearly financial statements are audited by an independent audit firm.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ was selected as the independent auditor for auditing the Company's accounts and transactions for the fiscal year 2020 in accordance with the Capital Market Law, the Turkish Commercial Code and the related legislation, in the Annual General Meeting held on 30 June 2020.

Information on Legal Action taken against the Company which could affect the Company's Financial Status and Activities and the Possible Consequences of such Legal Action

No material lawsuit, which could affect the financial status and activities of the Company, was filed against the Company in 2020.

Administrative or Judicial Sanctions imposed against the Company or the Board Members due to Practices Violating the Legislation

There are no administrative or judicial sanctions applied against the Company or the members of the Board of Directors.

General Shareholders' Meetings

The Company achieved the targets set in the previous periods. The decisions taken in the Company's Annual General Meeting held on 30 June 2020 were implemented.

No Extraordinary General Shareholders' Meeting was held during the year.

Donations and Social Responsibility Projects

In 2020, the total donations made in line with the Company's Donation and Charity Policy amounted to TL 5,296 ths.

Conclusion Section of the Affiliation Report Prepared Pursuant to the Article 199 of the Turkish Commercial Code

In accordance with the provisions of the Turkish Commercial Code (TCC), Vestel Beyaz Eşya was an affiliated company of Zorlu Holding AŞ during the fiscal year 2020. Pursuant to the Article 199 of the Turkish Commercial Code, Vestel Beyaz Eşya's Board of Directors issued the following declaration in its affiliation report, which was prepared regarding the Company's relationship with the controlling company or an affiliated company of the controlling company:

"Within the scope of the conditions and circumstances known to us regarding all the transactions conducted in 2020 with the controlling company and its affiliates, we have evaluated the Company's legal transactions conducted on behalf of the controlling company or its affiliates and all the measures taken or avoided to benefit the controlling company or its affiliates under Zorlu Holding AŞ's direction in 2020. As a result of this evaluation, we hereby declare, within the scope of the conditions and circumstances known to us, that the Company did not suffer any loss due to such transactions in 2020 and that there were no measures required to be taken in this regard."

Information on Transactions

There were no transactions within this scope.

Additional Disclosures Required by the Legislation

FINANCIAL POSITION

Determination of the Adequacy of the Company's Capital and Assessment of the Board of Directors

The Company has neither suffered capital impairment nor is insolvent within the scope of the calculation performed by taking into account the ratios specified in Article 376 of the Turkish Commercial Code.

Information on Capital Market Instruments Issued

No new capital market instrument was issued by the Company in 2020.

Dividend Distribution Policy

The Company distributes profit in accordance with the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other pertinent legislation as well as the profit distribution provision of its Articles of Association. The amount of profit to be distributed and date of distribution are approved by the General Assembly, upon the proposal of the Board of Directors.

Company has adopted the profit distribution policy of distributing at least 25% of its distributable profit in cash and/or as bonus shares. Board of Directors shall review this policy every year, by taking into account the national and global economic conditions, Company's growth and investment plans and financial position. Revisions made in the policy shall be submitted to the approval of the shareholders at the first General Assembly meeting following such revisions and the policy will be published on the Company's web site.

Distribution of profit shall commence on the date determined by the General Assembly, provided that it is no later than the end of the year in which the General Assembly meeting is held. Subject to the provisions of the legislation in force, the Company may consider distributing advance dividends or paying dividends in equal or in varying installments.

Board of Directors' proposal for dividend distribution has been accepted at the Company's 2019 Annual General Meeting held on 30 June 2020 and dividend distribution was completed in July 2020.

OTHER MATTERS

Information on Conflicts of Interest between the Company and the Institutions from which the Company obtains investment consultancy, rating and similar services, and the measures taken to prevent such conflicts of interest

None.

Information on Legislative Changes that could have a significant impact on the Company's activities

There were no legislative changes in 2020 that could significantly affect the Company's activities.

Information on Cross-Shareholdings where Direct Participation in Share Capital exceeds 5%

None.

Required Information on Related Party Transactions and Balances

The required information concerning the Company's related party transactions are provided in the footnotes of the 2020 financial statements.

Corporate Governance

Risks and Assessment of the Board of Directors

Risk Management

Zorlu Holding's Enterprise Risk Management Department is responsible for the early detection of risks which could jeopardize the existence, development and continuity of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya" or "the Company"), implementation of necessary measures against detected risks and the management of risks in a centralized structure. In this regard, the Zorlu Holding Risk Policy and Procedure and Enterprise Risk Management Framework were established to govern all Zorlu Group companies.

Zorlu Holding Enterprise Risk Management Policy is summarized below:

Goal Setting	<ul style="list-style-type: none"> Embedding risk management principles into strategic planning and goal setting processes Aligning the strategy and goals set with the Company's risk appetite
▼	
Risk Definition	<ul style="list-style-type: none"> Identifying the risks and opportunities which may affect the Company's goals with the participation of the entire organization in a coordinated manner and within the framework of a shared perception
▼	
Risk Assessment and Inherent Risk	<ul style="list-style-type: none"> Assessing the probability of risks and their impact on the Company in case of their occurrence Determining the value of risk before the actions taken and control activities, i.e. inherent risk
▼	
Determining Actions	<ul style="list-style-type: none"> Addressing the risks in the most appropriate way (Accepting the Risk, Transferring the Risk, Mitigating the Risk, Avoiding the Risk) by taking into consideration the risk appetite and cost/benefit factors Determining actions in line with the responses identified and managing the risks proactively
▼	
Residual Risk and Action Plan Follow-up	<ul style="list-style-type: none"> Determining the value of risk after the actions taken, i.e. residual risk Monitoring the completion process of the activities specified in action plans
▼	
Reporting and Communication of Risks	<ul style="list-style-type: none"> Prioritizing the revealed risks and tracking them using the Key Risk Indicators Measuring and reporting the key risk indicators which give warnings and all other risks taking into consideration the control points Sharing all activities transparently and ensuring that risk management process is integrated into the decision-making mechanisms with the establishment of a culture of risk awareness across the entire organization
▼	

CONTINUOUS MONITORING

Vestel Beyaz Eşya's Early Detection of Risk Committee, which was established on 15 March 2013 pursuant to the Article 378 of the Turkish Commercial Code, undertakes studies for the early detection of risks which could jeopardize the existence, development and continuity of the Company, implementation of the necessary actions and remedies and managing the risks in a coordinated manner. During 2020, Enterprise Risk Management Department submitted 6 risk reports to the Early Detection of Risk Committee to support the Committee in the effective supervision of the enterprise risk management processes, and the reports were presented to the Board of Directors following the review of the Committee. The headings of the risk reports submitted to the Committee and the Board of Directors are listed below:

- Results of the Risk Assessment Survey for Vestel Group of Companies - 2019
- The Effects of the Slowdown in the European Economy on the White Goods Sector
- The Effects of COVID-19 on National Economies
- Preventive Measures Taken by Zorlu Group Subsidiaries in Response to COVID-19 within the Framework of the World Economic Forum's (WEF) Global Risks Report
- Cyber Risk Awareness and Perception
- 2021 Expectations for the Turkish and Global Economy

The Company's vision is defined as creating sustainable value for all parties by ensuring operational efficiency, growth and legal compliance. The six main risk categories, which may jeopardize the realization of the Company's goals towards its vision and the actions taken in relation thereto are summarized below.

Strategic Risks

Strategic risks refer to the inadequacy of the Company's strategies and inability to remain competitive and achieve targets due to failure to accurately identify the external factors, employment of an outdated business model, incorrect composition of the business portfolio, inefficient organizational structure, inconsistency of performance measures with business strategies and insufficient resource allocation.

The strategic risks category includes, among others, various risks in relation to environmental analysis, business model and portfolio, organizational structure, resource allocation and planning.

The following actions are taken against these risks:

- Conducting coordinated feasibility studies, benefit and cost analysis and budgeting studies by the relevant departments in relation to new investment decisions,
- Evaluation of the legal, political, etc., risks before and after the investment by obtaining consultancy services as and when necessary,
- Diversification of investments made in different countries and business lines,
- Monitoring of the return on investments,
- Using dealers, distributors, online sales and similar distribution channels actively and considering each one as a business model,
- Entering new business lines by making use of strategic partnerships in public and private sectors,
- Formulating innovative strategies with respect to sales and marketing.

Risks and Assessment of the Board of Directors

Sector Related Risks

The sector related risks mainly result from the delays in adapting to changes in short and long term supply and demand balances that occur as a result of changing production and consumption patterns. It is inevitable for these changes to have an impact on price predictability. Moreover, sector related risks also include adaptation to the climate change-related shifts in the industry.

Vestel Beyaz Eşya uses its best efforts to mitigate the negative impact of such risks by diversifying its areas of operation.

Financial Risks

Financial risks refer to the inadequacy of the Company's finances, the emergence of currency, interest rate and credit risks and other uncertainties and fluctuations in financial markets, which may have a negative impact on the Company, and inability to secure adequate liquidity.

The financial risks category includes, among others, risks in relation to interest rates, currency, capital, financial derivative instruments, commodity prices, liquidity, cash flow management and receivable collection.

In order to determine the effects of financial risks on financial statements, various indicators are monitored, in particular, the Net Financial Debt/EBITDA ratio, Net Foreign Currency Position/Shareholders' Equity ratio and liquidity ratios as well as the effective maturity dates of financial liabilities, and it is ensured that the necessary actions are taken at the levels which require warning.

The following actions are taken against these risks:

- Use of alternative financing methods,
- Asset and liability management,
- Making use of various derivative instruments for hedging purposes, when necessary,
- Within the scope of stress tests and scenario analyses, stress tests are carried out in order to observe the effects of changes in market risk factors and market volatility on the financial position of the Vestel Group and to mitigate possible risks,
- Conducting Value at Risk (VaR) study for forward contracts recognized in equity within the cash flow hedge reserve account, measuring the worst one and five-day fair value variations within a 99% confidence interval,
- Paying attention to not taking on a financing burden which cannot be covered with the highly liquid assets as per the Company's philosophy,
- Following up the budget targets with the realizations on a monthly basis and making revisions as necessary,
- Following up the profit target with the realizations on a monthly basis and making revisions as necessary,
- Insuring receivables and obtaining various guarantees.

Operational Risks

Operational risks refer to the inability of the Company's business model to secure and sustain operational efficiency over the course of its operations towards achieving customer satisfaction and the Company's performance targets in relation to quality, cost and time.

The operational risks category includes, among others, risks in relation to decision making with respect to operational processes such as supply, capacity, business interruption, customer satisfaction, human resources, environmental health and safety, information capital, authorization, information processing and technology, contractual obligations and pricing

and risks related to financial reporting processes and budgeting and fraud risks.

The following actions are taken against these risks:

- Supervision of all operational activities by the Internal Audit, Financial Audit and Tax Audit Departments set up under the organization of Zorlu Holding,
- Oversight by Zorlu Holding Enterprise Risk Management Department of the operational risks deemed significant via key risk indicators through the IT system and informing the related business units on risk levels, when necessary,
- Measuring, reporting and monitoring of customer satisfaction in relation to products and service network,
- Regularly providing compulsory training programs on occupational health and safety to all Zorlu Holding employees in accordance with the related regulations,
- Centralized follow-up of recommendations proposed by the insurance companies to Group companies subsequent to risk inspections,
- Following-up the policies and procedures for compliance with the legally defined standards in relation to environmental health, stakeholder safety and stakeholder health,
- Monitoring and keeping records of repair and maintenance of plant and machinery,
- Making commitments in relation to compliance with various principles such as human rights, environment, society, ethics, anti-corruption, etc. through the United Nations Global Compact.
- Carrying out work to fulfill all the obligations imposed by the legislation for the processing, storage and security of personal data throughout the Company, taking into account the local regulations.

Reputation Risk

The Company's performance in other risk areas naturally poses a reputation risk for the Company. The reputation risk mainly refers to the negative impacts that may be caused by the Company's operations on the environment, society and internal and external stakeholders.

The following actions are taken against these risks:

- Establishing a multi-faceted, consistent and continuous communication with all stakeholders,
- Protecting the brand value and credibility; ensuring integrated management of all communication processes in accordance with the strategic business targets and in this regard representing Zorlu Holding Corporate Communications Department at the General Directorate level.

Risks and Assessment of the Board of Directors

External Risks

External risks refer to the presence of external factors which may affect the continuity of the Company's business model and the core values which drive the overall targets and strategies.

The external risks category includes, among others, risks in relation to access to capital, shareholder relations, natural disasters (force majeure risks), competition, customer demand (trends), financial markets, market sensitivity, sector risks, legal risks and risks in relation to regulatory compliance, political status and technological innovation.

The following actions are taken against these risks:

- Developing necessary plans for recovering and resuming critical systems, technical infrastructure and facilities in alternative sites in case of a natural disaster or contingency, regularly monitoring business continuity and emergency action plans,
- Determining a broad insurance coverage across the Company, taking into consideration natural disasters and terrorist acts to transfer potential risks to insurance companies and minimizing the potential tangible effects of such incidents,
- Managing regulatory changes, legal actions, tax conflicts, intellectual property infringements, unfair competition and risks in relation thereto through coordinated communication among all the relevant departments,
- Carrying out specific short-lived rehabilitations and works to integrate with new technologies,
- Taking proper measures against adverse geographical and climatic conditions,
- Establishing continuous and healthy communication which is open to all stakeholders through the activities of the Corporate Communications Department.

Other than the actions listed under the risk headings above, insurance policies are purchased as a risk transfer mechanism. The primary insurance policies purchased are listed below.

List of Primary Insurances Purchased

- Fire, Machinery Breakdown and Loss of Profit
- Employer's Liability
- Directors and Officers (D&O) Liability
- Professional Indemnity
- Third Party Liability
- Product Liability
- Credit Insurance
- Marine/Cargo
- Fidelity Guarantee, Cash in Transit and Cash in Safe
- Hazardous Materials
- Personal Accident
- Construction/Installation Policy

Internal Audit Activities and Internal Control System

The General Directorate of Internal Audit and Its Activities

As is the case for all Zorlu Group Companies, the internal audit of Vestel Group of Companies is carried out by the centralized Internal Audit Department operating within Zorlu Holding since 2000. The Internal Audit Department carries out the board approved audit programs in line with the International Internal Audit Standards and legal requirements and shares the results of its audits through both the audit reports prepared after each audit and the annual reports detailing all the audit and control activities conducted throughout the year with the Board of Directors, the Audit Committees where applicable, and the CEOs of Business Units.

In addition to the Internal Audit Department, Financial Audit and Tax Audit Departments were established in 2011 in order to perform financial audits across all Group companies, which commenced their activities in 2012. In the last quarter of 2013, the Internal Audit and Financial and Tax Audit Departments were gathered under the umbrella of Zorlu Holding General Directorate of Audit and Internal Control. In accordance with the evolving needs of Zorlu Group, the Tax Audit Department was restructured as Tax Audit Directorate as of 1 December 2015 while the Internal Audit Department was restructured into two distinct Directorates, namely, the Internal Audit Process Oversight and Internal Audit Inspection Oversight as of 1 January 2016. Following the completion of the organizational restructuring process in the General Directorate of Audit and Internal Control for the execution of internal control activities separately in 2017, the General Directorate of Internal Control has started to carry out its activities as an independent department as of 1 January 2018.

The purpose, authorities and duties as well as the operating principles and structure for the internal audit activities have been defined by a series of board-approved documents circulated across Group companies, such as the "Audit Regulation" and the "Internal Audit Working Principles".

Internal Audit Activities

Process audit activities are carried out in line with a board-approved, risk-based annual audit program to evaluate the effective and efficient use of resources, adherence to written rules (laws, regulations, internal policies and directives), and the accuracy, security and reliability of information.

Prior to each audit, internal auditors meet with senior management for risk assessment where the risks which could jeopardize the Company's targets are positioned on a risk matrix based on their potential impact and probability of occurrence. During audit field work, tests are carried out to evaluate the effectiveness of internal controls which monitor risks with high impact and high probability of occurrence. The results of the observations are shared with the company management in the form of a draft report, and then a final report, including the feedback of the management, is sent to the senior management. As a result, the department provides consultancy services with reasonable assurance while offering best practices drawing from synergy within the Group. One month after the issue of the final report, actions taken in line with the 4T approach (Treat, Terminate, Transfer, Tolerate) are reported to the Board of Directors.

Internal Audit Department organizes periodic meetings with the Audit Committee throughout the year. In these meetings, participants evaluate planned and actual audits, consultancy activities and special audits, etc. for the year, share findings, review action plans, follow-up results based on these findings, and review plans for the upcoming period.

Zorlu Group supports and promotes Zorlu Group Internal Audit Team, which consists of 8 people, in receiving additional training to improve and enhance their existing knowledge, skills and other qualities, becoming a member of the related associations (e.g. The Institute of Internal Auditors, Turkey – TIA) and obtaining international certificates. The Internal Audit team includes 2 CIAs (Certified Internal Auditor), 2 CFEs (Certified Fraud Examiner), 1 CRMA (Certification in Risk Management Assurance), 1 CMAAAL (CMB Level 3 License), 1 CGRL (CMB Corporate Governance Rating License), 1 DIL (CMB Derivatives License) and 1 CMB Real Estate Appraisal License.

Internal Audit Activities and Internal Control System

Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been carrying out their activities at Zorlu Group companies since 2012. Currently, these departments have 7 and 5 employees, respectively.

These departments ensure that the Group companies' balance sheet and income statement accounts used for financial and tax reporting purposes are in conformity with the uniform chart of accounts, tax legislation and audit standards and provide reasonable assurance to the Board of Directors in these areas.

Audit findings are reported to the Company executives and senior management. When deemed necessary, the Tax Audit Department also provides advisory services with reasonable assurance to Group companies against potential tax risks.

In addition, the Financial Audit Team reviews the CMB-compliant financial reports of the listed Group companies and shares its comments with the related departments.

The Financial Audit Team includes 1 Certified Public Oversight Authority Licensed Auditor and 6 CPAs (Certified Public Accountant), while the Tax Audit Team includes 4 CPAs.

The General Directorate of Internal Control and Its Activities

The internal control function at the Vestel Group of Companies is carried out in a structure which is centrally coordinated within Zorlu Holding AŞ, as in other Zorlu Group companies. A special field team in the Internal Control Department has been assigned to the Vestel Group of Companies, which has been serving since 2017.

The purpose, duties and authorities and the working principles of the Internal Control Department and the professional and ethical rules to which it adheres, are defined by the documents such as the "Internal Control Regulation" and the "Internal Control Manual", which were shared with the relevant managers.

The mission of the Internal Control Department is to coordinate the development and sustainability of an internal control system at Group companies, which will function in a consistent and integrated manner towards the objectives, enable the risk management to be carried out effectively and efficiently and share and propagate the "best practices" within the Group and apply these by rolling them out in Group companies.

The Internal Control Department helps managers and employees identify the areas where processes and the internal control system need development, the steps to be taken in this regard, the implementation of the agreed actions and the monitoring of the status of the actions on a regular basis. It also guides managers and process owners on these issues. The Department also ensures that all relevant managers and employees of the Company contribute to the establishment, functioning, monitoring and evaluation of the internal control system and take the necessary measures.

The Internal Control Department conducts its work with a systematic, continuous and disciplined approach by preparing a risk based internal control work plan on an annual basis. Risk-based assessments carried out by the Internal Control Department, requests from the Board of Directors and the management, findings regarding the internal control that are determined by the Internal Audit Department during audits and corporate risk maps play an important role in the formation of the internal control work plan. The annual internal control work plan is submitted to the CEO and the Board of Directors for approval and information.

The internal control activities, which are planned and realized during the year, are evaluated during the periodic meetings held between the Internal Control Department and the management. In these meetings, the findings are shared and the action plans that are decided to be taken for the related findings and the follow-up results are evaluated and the plans for the upcoming period are reviewed.

The Internal Control team is supported and encouraged by the Zorlu Group to obtain training in order to improve their existing knowledge and competencies, to take part in related professional associations and to obtain professional international certificates such as CIA, SMMM, CISA, CFE, CICA, CRMA, etc.

Opinion of the Board of Directors regarding the Company's Internal Control System and Internal Audit Activities

None.

Statement of Compliance with Corporate Governance Principles

The corporate governance activities were initiated at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, which takes utmost care to comply with the “Corporate Governance Principles” of the Capital Markets Board (“CMB”) in 2005. Within the scope of these efforts, in the first stage, a series of amendments were made in the Company’s Articles of Association in order to offer an equitable, accountable, responsible and transparent structure to shareholders. These amendments served to grant the rights to minority shareholders, which are envisaged in the Corporate Governance Principles while important changes were made to the management structure in pursuit of “better governance”. The Corporate Governance practices were continued with the establishment of corporate governance mechanisms within the Company. While the Board of Directors was vested with greater objectivity with the addition of independent members, committees were set up under the Board with the aim of further enhancing the effectiveness of corporate governance.

Vestel Beyaz Eşya Sanayi ve Ticaret AŞ carries out its activities in compliance with the applicable legislation and the Capital Markets Board’s “Corporate Governance Principles”. The Company fully complies with all the compulsory principles in the Corporate Governance Principles appended to the CMB’s Communiqué on Corporate Governance (II-17.1), and has also adopted the majority of the non-compulsory principles. No conflict of interest has been noted between the stakeholders in relation to the principles that have not yet been fully complied with.

Aware of the positive contributions that adoption of the Corporate Governance Principles brings to the Company, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ continues its efforts to further improve its compliance with the Corporate Governance Principles and to comply with the non-mandatory principles that are not yet implemented.

For the period ended on 31 December 2020, the compliance with the Corporate Governance Principles that are appended to the Corporate Governance Communiqué and the explanations with regard to the principles that have not yet been complied with are included in the Corporate Governance Compliance Report, the Corporate Governance Information Form and in other relevant sections of the annual report.

In case of a change in the Corporate Governance Compliance Report or the Corporate Governance Information Form during the reporting period, a material event disclosure will be made and the changes will also be included in the interim activity reports.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company’s activities in order for these transactions to be presented at the General Shareholders’ Meeting.					X	There were no transactions in this scope in 2020.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders’ Meeting.	X					
1.3.10 - The agenda of the General Shareholders’ Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				A separate item on donations and grants is included in the agenda of the Annual General Meeting. Detailed information on the amount of donations made and the beneficiaries is provided to shareholders upon request at the Annual General Meeting. The implementation is planned to continue in this vein in the following AGMs.
1.3.11 - The General Shareholders’ Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The Company has no cross-shareholding relationship which brings a controlling relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The scope of minority rights in the Articles of Association has not been expanded and no changes to the Articles of Association are planned in this regard.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.					X	There are no individual shareholders in the Company's direct shareholding structure who are subject to the reporting obligation. Information on individual shareholders who own capital indirectly is disclosed in the Corporate Governance/Ownership Structure section of the Company's website.
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Apart from the interim activity reports, all information that may affect the investment decisions of foreign investors is available in English on the Company's Investor Relations website. Interim activity reports are planned to be published in English within the scope of time and cost management.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					Although there is no provision in the Articles of Association, employees are encouraged to participate in company management through internal practices (Vestel Complaint/Wish/Request Evaluation System).
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					<p>Work on the creation of a succession plan for the key management positions of the Company (Deputy General Manager and above) was completed in 2020 and shared with the Head of Zorlu Holding's Human Resources Group to be submitted to the Zorlu Holding Board of Directors. The succession plan is planned to be submitted to the Zorlu Holding Board of Directors in 2021.</p> <p>The Vestel Leadership Power Program was initiated in 2021 in cooperation with Koç University for the Company's Deputy General Managers and the Vestel Management Power Program in collaboration with Boğaziçi University, for promising managers demonstrating a high performance.</p>
3.3.2 - Recruitment criteria are documented.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					X	Employees are informed by their managers of any decisions that may affect them. There is no labor union at Vestel Beyaz Eşya.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	There is no collective bargaining agreement at Vestel Beyaz Eşya.
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.		X				The Chairman and the Chief Executive Officer are different individuals. Internal regulatory work continues on the working principles of the Board of Directors, including job descriptions.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy or target for the election of female directors to the Board. As of 2020, three female members, one of whom is independent, were serving on the Board of Directors, with the rate of women among board members standing at 43%, thus achieving the minimum rate of female members as envisaged under this principle.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					Following the outbreak of the pandemic, the Board of Directors convened in a virtual environment. Board members attended most of the meetings both physically and online. Evaluations regarding the holding of Board meetings in an electronic environment are ongoing.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	The board members who did not attend the board meetings did not submit a written declaration.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no restriction for board members to assume other duties outside the Company and there are no plans to impose such restrictions. The duties undertaken by the members of the Board of Directors outside the Company are presented in the annual report and in the AGM information document and presented to shareholders at the AGM.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Two independent members of the Board of Directors serve on more than one committee due to the number of the board members and the committee formation requirements. No changes are planned in connection with the current number of independent Board members.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees did not obtain any external consultancy services in 2020.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There is no performance evaluation practice for the Board of Directors.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Remuneration of the members of the Board of Directors and senior executives is disclosed collectively in the annual report. Even if the information is disclosed on the basis of authority, disclosure on an individual basis will be guided by the majority in practice, in accordance with the legislation on the protection of personal data.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year	During the year, a total of 112 meetings were held with investors and analysts either face to face or via video calls or by phone. The Company attended 1 roadshow, 3 virtual investor conferences and 4 virtual investor group meetings organized by the brokerage houses.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	No requests were made for the appointment of a special auditor in the reporting period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/848928
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	It is presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction in 2020.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction in 2020 within the scope of Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/862206
The name of the section on the corporate website that demonstrates the donation policy of the company	Corporate Governance / Policies / Donation and Charity Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/216168
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although there are no restrictions on the participation of the stakeholders in the Annual General Meetings, there was no participation in the AGM other than the shareholders.

1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None.
The percentage of ownership of the largest shareholder	89.9%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None.

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Stock Information / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

Corporate Governance Information Form

GENERAL ASSEMBLY MEETINGS

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
30.06.2020	None.	96.4067%	0.1656%	96.2410%	Corporate Governance / General Meetings of Shareholders	Corporate Governance / General Meetings of Shareholders	None.	None.	https://www.kap.org.tr/tr/Bildirim/853529

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	The information requested in the corporate governance principle numbered 2.1.1. is available on the Company's Investor Relations website under the sections "About Us, News, Corporate Governance, Financials, Stock Information and Frequently Asked Questions".
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Governance / Ownership Structure
List of languages for which the website is available	Turkish & English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	It is presented in the Management / Board of Directors and Corporate Governance sections of the annual report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	It is presented in the Corporate Governance section of the annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	It is presented in Additional Disclosures Required by the Legislation section of the annual report.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	It is presented in the Activities / Vestel Beyaz Eşya & Sustainability section of the annual report.

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate Governance / Policies / Employee Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	4
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit General Director on behalf of Zorlu Holding AŞ's Ethics Committee [Billur Demet Atan - billur.atan@zorlu.com]
The contact detail of the company alert mechanism	Code of Ethics Hotlines: etik@zorlu.com 0 212 456 23 23 / 0 850 226 23 23

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	The Complaint/Wish/Request Evaluation System, which was created in order to evaluate the complaints, wishes and requests of employees and to increase employee motivation and satisfaction as well as efficiency, is available on the corporate portal which is only open to the Company employees.
Corporate bodies where employees are actually represented	Occupational Health and Safety Committee, Happy Employee Committee, Meal Satisfaction and Menu Selection Committee

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Work on the creation of a succession plan for the key management positions of the Company (Deputy General Manager and above) was completed in 2020 and shared with the Head of Zorlu Holding's Human Resources Group to be submitted to the Zorlu Holding Board of Directors. The succession plan is planned to be submitted to the Zorlu Holding Board of Directors in 2021.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	The Vestel Group of Companies' Recruitment and Placement Regulation, which includes the criteria for equal opportunities and recruitment of personnel, is available on the Company's corporate portal. The Regulation sets out the general rules regarding the employment of individuals, who are compatible with the vision, mission, work requirements and values of the Vestel Group of Companies, by offering them an equal opportunity and by evaluating them fairly and impartially to meet the human resource needs of the Group companies. The Human Resources Policy is available in the Corporate Governance / Policies section on the corporate website.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	The Human Resources Policy is available in the Corporate Governance / Policies / Human Resources Policy section. It is specifically mentioned in all regulations: "No discrimination is permitted in applications on the basis of gender, age, religion, race, sect, social status, physical appearance, ethnic origin, nationality, sexual orientation or any other personal characteristics."
The number of definitive convictions the company is subject to in relation to health and safety measures	None.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Corporate Governance / Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	It is presented in the Sustainability section under the Social Awareness / Our Values and Ecological Awareness / Environmental Practices headings of the corporate website.
Any measures combating any kind of corruption including embezzlement and bribery	These measures are included in the Code of Ethics of Zorlu Holding AŞ, which is available under the heading of the Code of Ethics in the Corporate Governance section on the Company's corporate website.

Corporate Governance Information Form

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Chairman: Ahmet Nazif Zorlu, Vice Chairman: Elmas Melih Araz. All members of the Board of Directors have been given first degree signature authority. With the Board resolution dated 30.06.2020 and numbered 2020/21, any member of the Board of Directors who has first degree signature authority is authorized to represent and bind the Company without any monetary limitation in any matter with a joint signature together with Ahmet Nazif Zorlu.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	1
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is presented in the Corporate Governance section of the annual report.
Name of the Chairman	Ahmet Nazif Zorlu
Name of the CEO	Enis Turan Erdoğan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/860590
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	Number: 3 Ratio: 43%

COMPOSITION OF BOARD OF DIRECTORS

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that includes the Independency Declaration	Whether the Independent Director considered by the Nomination Committee	Whether She/He is the Director who ceased to satisfy the Independence or Not	Whether the Director has at least 5 years of experience on Audit, Accounting and/or Finance or Not
Ahmet Nazif Zorlu	Non-executive	Not independent director	10.11.1997	-	-	-	-
Elmas Melih Araz	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/tr/Bildirim/848928	Considered	No	Yes
Olgun Zorlu	Non-executive	Not independent director	10.11.1997	-	-	-	-
Şule Cümbüş	Non-executive	Not independent director	23.05.2003	-	-	-	-
Selen Zorlu Melik	Non-executive	Not independent director	08.05.2019	-	-	-	-
Ayşegül İldeniz	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/tr/Bildirim/848928	Considered	No	-
Bekir Ağırdir	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/tr/Bildirim/848928	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	While 3 meetings were held in a physical environment until March, the following 9 meetings were held in a virtual environment due to the pandemic.
Director average attendance rate at board meetings	96.4%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 week before the meeting
The name of the section on the corporate website that demonstrates information about the board charter	It is specified in Article 10 of the Articles of Association which is available in the Corporate Governance section of the website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	It is presented in the Corporate Governance section of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/220055 https://www.kap.org.tr/tr/Bildirim/267359 https://www.kap.org.tr/tr/Bildirim/348292 https://www.kap.org.tr/tr/Bildirim/348296 https://www.kap.org.tr/tr/Bildirim/348298

COMPOSITION OF BOARD COMMITTEES-I

Names of the Board Committees	Name of Committees Defined As "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Elmas Melih Araz	Yes	Board member
Audit Committee	-	Bekir Ağırđır	No	Board member
Corporate Governance Committee	-	Bekir Ağırđır	Yes	Board member
Corporate Governance Committee	-	Olgun Zorlu	No	Board member
Corporate Governance Committee	-	Serap Mutlu	No	Not board member
Committee of Early Detection of Risk	-	Elmas Melih Araz	Yes	Board member
Committee of Early Detection of Risk	-	Şule Cümbüş	No	Board member

Corporate Governance Information Form

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is presented in the Corporate Governance section of the annual report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is presented in the Corporate Governance section of the annual report.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is presented in the Corporate Governance section of the annual report.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is presented in the Corporate Governance section of the annual report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is presented in the Corporate Governance section of the annual report.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	It is presented in the Management / Interview with the CEO section of the annual report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Corporate Governance / Policies / Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.

COMPOSITION OF BOARD COMMITTEES-II

Names of the Board Committees	Name of Committees defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	6	5
Corporate Governance Committee	-	67%	33%	5	3
Committee of Early Detection of Risk	-	100%	50%	6	6

Board Committees

- In order to assist the Board of Directors to perform its duties and responsibilities more effectively, a Corporate Governance Committee, an Early Detection of Risk Committee and an Audit Committee have been set up, all of which report directly to the Board. Owing to the nature of the Board structure, the Company has not set up a separate "Remuneration Committee" or a "Nomination Committee", the duties of which are performed by the Corporate Governance Committee.
- As per the Corporate Governance Principle No. 4.5.3, all members of the Audit Committee and the chairs of the other committees are elected from among the independent members of the Board.
- The independent board members, Mr. Bekir Ağırdir and Mr. Elmas Melih Araz serve on more than one committee due to the number of the Board members and the committee formation requirements in accordance with the CMB's Corporate Governance Principles.
- Committees convene at intervals stipulated by the legislation and the related Committee's working principles or upon a request from a member. The Committees' activities and meeting minutes are presented to the Board of Directors.
- All kinds of resources and support are provided by the Board of Directors to the committees to enable them to perform their duties. Committees can invite individuals who are deemed to be necessary to their meetings in order to obtain their views.
- Duties, working principles and the members of the Committees are determined by the Board of Directors and are publicly disclosed on the Public Disclosure Platform and the Company website.

Audit Committee

- The Audit Committee was set up for the effective oversight of the Company's financial and operational activities pursuant to the Article 3 of the CMB's Communiqué Serial X, No. 19. The Committee is responsible for the supervision of the Company's accounting system, public disclosure of financial information, independent audit and the functioning and efficiency of the Company's internal control and internal audit system.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Audit Committee" were revised and approved at the Board of Directors' meeting dated March 27, 2014. The revised version of the working principles was disclosed to shareholders via the Public Disclosure Platform and the Company website.
- The Audit Committee is structured in accordance with the Capital Markets Board's Corporate Governance Principles and comprises two members.
- The Chairman of the Committee was elected from among the independent members of the Board and certain criteria were taken into account in the election process. The Chairman of the Audit Committee is ensured to have served in a similar position previously, have the knowledge and experience needed to analyze financial statements and be versed in accounting standards.
- Both Audit Committee members were elected from among the independent Directors. The Chairman of the Committee is Mr. Elmas Melih Araz, and the other member is Mr. Bekir Ağırdir.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 30 June 2020:

Committee Members	Duty	Status
Elmas Melih Araz	Chairman of the Committee	Independent Board Member
Bekir Ağırdir	Member of the Committee	Independent Board Member

- In principle, the Audit Committee shall convene at least four times a year, being once in each quarter. The Committee convened six times in 2020.

Board Committees

- The Committee carries out its activities in line with the working principles put into writing in detail.
- In 2020, the Audit Committee performed the following functions:
 - Oversight of the Company's financial and operational activities,
 - Supervision and approval of the accuracy and conformity of the annual and interim financial statements, which will be disclosed to the public, with the accounting principles employed by the Company,
 - Selection of the independent audit firm, preparation of the independent audit contract and initiation of the independent audit process,
 - Monitoring of the effectiveness and performance of the independent audit activity,
 - Monitoring of the functioning and effectiveness of the internal control and internal audit system,
 - Review of the internal control and internal audit reports.

Corporate Governance Committee

- The Corporate Governance Committee was established to monitor the Company's compliance with the CMB's Corporate Governance Principles, carry out studies for improvement and make proposals to the Board of Directors in order to improve the implementation of corporate governance practices.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Corporate Governance Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised version of the working principles was disclosed to shareholders via the Public Disclosure Platform and the Company website.
- The Corporate Governance Committee is composed of at least three members, including two non-executive Board Members and the Investor Relations Manager. The Chairman of the Committee is Mr. Bekir Ağirdir, an independent Board member.
- Corporate Governance Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 30 June 2020:

Committee Members	Duty	Status
Bekir Ağirdir	Chairman of the Committee	Independent Board Member
Olgun Zorlu	Member of the Committee	Non-executive Board Member
Serap Mutlu	Member of the Committee	Investor Relations Director

- In principle, the Committee convenes at least twice a year in order to ensure the effective performance of its duties. Corporate Governance Committee convened five times in 2020.
- The activities carried out by the Corporate Governance Committee in 2020, in accordance with its working principles put into writing in detail, are presented below:
 - Proposing improvements in corporate governance practices to the Board of Directors to enhance compliance with the CMB's Communiqué on Corporate Governance No. II-17.1; conducting and supervising the necessary works for alignment with the legislation,
 - Overseeing the activities of the Investor Relations Department,
 - Preparing the evaluation reports on the independence of the independent Board member candidates for submission to the Board of Directors,
 - Within the scope of the Remuneration Committee duties, submission to the Board of its recommendation for the remuneration of the members of the Board of Directors and executives with administrative responsibility for 2020, which takes into account their progress in meeting the remuneration criteria.

Early Detection of Risk Committee

- The Early Detection of Risk Committee was established in order to identify the risks which could threaten the existence, development and continuity of the Company, take the necessary measures against these risks and undertake risk management activities in line with the Turkish Commercial Code, Articles of Association and CMB's Communiqué on Corporate Governance. The Committee continues its activities with regard to the early detection of threats which may have negative consequences on the development and continuity of the Company and manage the risks effectively by developing action plans against such threats.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Early Detection of Risk Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised version of the working principles was disclosed to shareholders via the Public Disclosure Platform and the Company website.
- The Early Detection of Risk Committee is composed of at least two Board members. In case the Committee has only two members, both of them, and in case it has more than two members, the majority of them, must be non-executive Board members. The Chairman of the Committee is Mr. Elmas Melih Araz, who is an independent Board member. The other member is Mrs. Şule Cümbüş.
- Early Detection of Risk Committee submits a report to the Board of Directors once in every two months.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 30 June 2020:

Committee Members	Duty	Status
Elmas Melih Araz	Chairman of the Committee	Independent Board Member
Şule Cümbüş	Member of the Committee	Non-executive Board Member

The Early Detection of Risk Committee convenes as frequently as necessitated for the efficiency of its activities and in principle at least three times a year. The Committee held six meetings in 2020 and presented six risk reports to the Board of Directors.

Board Committees

The activities carried out by the Committee in 2020, in line with the working principles put into writing in detail, are presented below:

- High risk evaluation was carried out and risk inventory was prepared including strategic, financial and operational risks which are critically important for the Company.
- Risks were classified according to the following criteria on the risk map, where they are positioned according to their impact and probability levels.
- Potential Impact Levels:
 - Negligible
 - Minor
 - Moderate
 - Serious
 - Critical
- Likelihood Levels:
 - Rare
 - Low
 - Possible
 - High
 - Almost Certain
- Sector and company based risks contained in the risk reports were grouped under 9 main risk headings (External Environment, Operational, Authorization, Information Technology and Technology, Honesty/Integrity, Financial, Process/Operational, Reporting and Strategic) according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) risk taxonomy.
- As a result of these assessments, it was seen that risks were generally gathered under the main headings of External Environment, Operational, Financial and Strategic Risks.
- As a result of the risk inventory and risk management analyses, risk reports were prepared and submitted to the Committee in order to ensure early detection of risks which may jeopardize the Company's existence, development and continuity and adoption of the necessary measures against these risks and management of risk. These reports were as follows:
 - Results of the Risk Assessment Survey for Vestel Group of Companies - 2019
 - The Effects of the Slowdown in the European Economy on the White Goods Sector
 - The Effects of COVID-19 on National Economies
 - Preventive Measures Taken by Zorlu Group Subsidiaries in Response to COVID-19 within the Framework of the World Economic Forum's (WEF) Global Risks Report
 - Cyber Risk Awareness and Perception
 - 2021 Expectations for the Turkish and Global Economy

Evaluation of the Board of Directors Regarding the Working Principles and Effectiveness of the Board Committees

The Board Committees were established to support the Board of Directors in fulfilling its duties and responsibilities more effectively. In line with the Corporate Governance Principles of the Capital Markets Board, at its meeting on 30 June 2020, the Board of Directors resolved to:

- Elect Mr. Bekir Ağırdir, Independent Member of the Board, as the Chairman of the Corporate Governance Committee and Mr. Olgun Zorlu, Board Member, and Ms. Serap Mutlu, Investor Relations Director, as Committee members,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Audit Committee and Mr. Bekir Ağırdir, Independent Member of the Board, as Committee Member,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Early Detection of Risk Committee and Mrs. Şule Cümbüş, Board Member, as Committee Member.

Due to the structure of the Board, the Company did not establish a separate “Remuneration Committee” and a “Nomination Committee”. The duties of these committees are fulfilled by the Corporate Governance Committee.

The Working Principles of the Board Committees were revised in accordance with the CMB’s Communiqué on Corporate Governance No. II-17.1 and approved at the Board meeting held on 27 March 2014. The revised Working Principles were announced to the public via the Public Disclosure Platform and the Company website (<http://vesbe.vestelinvestorrelations.com>).

In 2020, the Board Committees performed their duties and responsibilities effectively as required in the Corporate Governance Principles and their own Working Principles.

In compliance with the way required for the effectiveness of their functions, their Working Principles and annual meeting schedules, in 2020:

- The Corporate Governance Committee convened three times,
- The Corporate Governance Committee convened once to fulfill the duties of the Nomination Committee,
- The Corporate Governance Committee convened once to fulfill the duties of the Remuneration Committee,
- The Audit Committee convened six times,
- The Early Detection of Risk Committee convened six times.

The Committees submitted reports on the results of their meetings to the Board. According to these meetings:

- The “Corporate Governance Committee”, which was established in line with the Capital Markets Board’s Communiqué on Corporate Governance in order to monitor the Company’s compliance with the Corporate Governance Principles, carry out studies for improvement, and submit proposals to the Board of Directors, monitored the Company’s compliance with the Corporate Governance Principles, made recommendations to the Board to improve compliance with the non-mandatory principles and oversaw the activities of the Investor Relations Department. Within the scope of the Company’s application for voluntary participation in the BIST Sustainability Index for the period of December 2020-October 2021, the Corporate Governance Committee also carried out the necessary activities for meeting the index criteria.
- The Corporate Governance Committee also fulfills the duties of the Nomination Committee. Within the scope of its duties as the Nomination Committee, the Corporate Governance Committee evaluated the applications for independent board membership by assessing the independence status of the board member candidates according to the independence criteria. The Committee prepared a report on its evaluations and submitted it to the Board of Directors for approval.
- The Corporate Governance Committee also fulfills the duties of the Remuneration Committee. Within the scope of its duties as the Remuneration Committee, the Corporate Governance Committee submitted to the Board of Directors its proposal for the remuneration of Board members and executives with administrative responsibility for 2020, by taking into account the extent of the fulfilment of the remuneration criteria.
- The “Audit Committee”, which was established for the supervision of the Company’s accounting system, the independent audit, public disclosure of financial information, and functioning and efficiency of the Company’s internal control and internal audit system, presented its views and recommendations in the areas of its responsibility to the Board of Directors.
- The “Early Detection of Risk Committee”, which was established for the early detection of risks which could threaten the Company’s existence, development and continuity, implementation of necessary measures against these risks and management of risks, made a high-level risk assessment during the year, prepared a risk inventory pertaining to the critical risks in strategic, financial and operational areas and prepared and submitted six Risk Reports to the Board within the scope of its duties set forth in its Working Principles.

Statement of Independence by the Independent Board Member Candidates

02.06.2020

Statement of Independence

I hereby declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ within the scope of the criteria stipulated in the legislation, the Company's Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance no. II-17.1, and in that regard;

a) Within the last five years, no employment relationship has been established between me, my spouse and my relatives by blood or marriage up to second degree and the Company, the affiliated companies which the Company controls the management of or has material influence over, shareholders who control the management of or have material influence over the Company and legal entities which these shareholders control the management of, in an executive position with important duties and responsibilities, nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

b) Within the last five years, I have not been a shareholder (5% and more), or held an executive position with significant duties and responsibilities, or served as a Board member in any company from or to which the Company purchases or sells a significant quantity of products or services based on the agreements made during the periods these products or services were sold or purchased including particularly those companies which provide auditing (including tax audit, legal audit and internal audit), rating and consultancy services to the Company,

c) I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent Board member,

d) I will not be working as a full-time employee at any public institution or organization after being elected as a Board member with the exception of working as a faculty member at a university provided that this is in compliance with the relevant legislation,

e) I am deemed to be a resident in Turkey according to the Income Tax Law dated 31 December 1960 and numbered 193,

f) I have strong ethical standards, professional reputation and experience which will allow me to make positive contributions to the activities of the Company, to protect my neutrality in case of conflicts of interest between the Company and the shareholders and to decide independently by taking into consideration the rights of the stakeholders,

g) I will be able to dedicate a sufficient amount of time to the affairs of the Company in a manner to follow up the conduct of the Company activities and to duly perform the duties I shall assume,

h) I have not served as a Board member at the Company's Board of Directors for more than 6 years within the last ten years,

i) I am not serving as an independent board member at more than three companies whose management is controlled by the shareholders controlling the Company and Company management and at more than five companies which are traded on the stock exchange,

j) I am not registered and declared on behalf of the legal entity which is elected as a board member.



Ayşegül İldeniz

Statement of Independence

I hereby declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ within the scope of the criteria stipulated in the legislation, the Company's Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance no. II-17.1, and in that regard;

a) Within the last five years, no employment relationship has been established between me, my spouse and my relatives by blood or marriage up to second degree and the Company, the affiliated companies which the Company controls the management of or has material influence over, shareholders who control the management of or have material influence over the Company and legal entities which these shareholders control the management of, in an executive position with important duties and responsibilities, nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

b) Within the last five years, I have not been a shareholder (5% and more), or held an executive position with significant duties and responsibilities, or served as a Board member in any company from or to which the Company purchases or sells a significant quantity of products or services based on the agreements made during the periods these products or services were sold or purchased including particularly those companies which provide auditing (including tax audit, legal audit and internal audit), rating and consultancy services to the Company,

c) I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent Board member,

d) I will not be working as a full-time employee at any public institution or organization after being elected as a Board member with the exception of working as a faculty member at a university provided that this is in compliance with the relevant legislation,

e) I am deemed to be a resident in Turkey according to the Income Tax Law dated 31 December 1960 and numbered 193,

f) I have strong ethical standards, professional reputation and experience which will allow me to make positive contributions to the activities of the Company, to protect my neutrality in case of conflicts of interest between the Company and the shareholders and to decide independently by taking into consideration the rights of the stakeholders,

g) I will be able to dedicate a sufficient amount of time to the affairs of the Company in a manner to follow up the conduct of the Company activities and to duly perform the duties I shall assume,

h) I have not served as a Board member at the Company's Board of Directors for more than 6 years within the last ten years,

i) I am not serving as an independent board member at more than three companies whose management is controlled by the shareholders controlling the Company and Company management and at more than five companies which are traded on the stock exchange,

j) I am not registered and declared on behalf of the legal entity which is elected as a board member.



Bekir Ağirdır

Statement of Independence by the Independent Board Member Candidates

02.06.2020

Statement of Independence

I hereby declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ within the scope of the criteria stipulated in the legislation, the Company's Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance no. II-17.1, and in that regard;

a) Within the last five years, no employment relationship has been established between me, my spouse and my relatives by blood or marriage up to second degree and the Company, the affiliated companies which the Company controls the management of or has material influence over, shareholders who control the management of or have material influence over the Company and legal entities which these shareholders control the management of, in an executive position with important duties and responsibilities, nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

b) Within the last five years, I have not been a shareholder (5% and more), or held an executive position with significant duties and responsibilities, or served as a Board member in any company from or to which the Company purchases or sells a significant quantity of products or services based on the agreements made during the periods these products or services were sold or purchased including particularly those companies which provide auditing (including tax audit, legal audit and internal audit), rating and consultancy services to the Company,

c) I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent Board member,

d) I will not be working as a full-time employee at any public institution or organization after being elected as a Board member with the exception of working as a faculty member at a university provided that this is in compliance with the relevant legislation,

e) I am deemed to be a resident in Turkey according to the Income Tax Law dated 31 December 1960 and numbered 193,

f) I have strong ethical standards, professional reputation and experience which will allow me to make positive contributions to the activities of the Company, to protect my neutrality in case of conflicts of interest between the Company and the shareholders and to decide independently by taking into consideration the rights of the stakeholders,

g) I will be able to dedicate a sufficient amount of time to the affairs of the Company in a manner to follow up the conduct of the Company activities and to duly perform the duties I shall assume,

h) I have not served as a Board member at the Company's Board of Directors for more than 6 years within the last ten years,

i) I am not serving as an independent board member at more than three companies whose management is controlled by the shareholders controlling the Company and Company management and at more than five companies which are traded on the stock exchange,

j) I am not registered and declared on behalf of the legal entity which is elected as a board member.



Elmas Melih Araz

Financial Information

Statement of Responsibility for the Annual Report

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE ANNUAL REPORT

RESOLUTION DATE: 17.02.2021

RESOLUTION NUMBER: 2021/4

We hereby declare that the Annual Report for the year 2020 prepared by our Company in accordance with the Turkish Commercial Code and the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

- Has been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report does not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report prepared in accordance with the Communiqué presents fairly the progress and the performance of the business and the financial position of the Company along with the material risks and uncertainties the Company is exposed to.

Sincerely,



Chairman of the Audit Committee
Elmas Melih Araz



Member of the Audit Committee
Bekir Ağır



Financial Affairs Coordinator
Alp Dayı

Independent Auditor's Report on the Board of Directors' Annual Report



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi,

Opinion

We have audited the annual report of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi (the "Company") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The annual report of the Company for the period between 1 January 2019 and 31 December 2019 was audited by another auditor who expressed an unmodified opinion on the annual report on 2 March 2020.

Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2020 and 31 December 2020 on 15 February 2021.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the "Communiqué"), the Company's management is responsible for the following regarding the annual report:

- The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

Independent Auditor's Report on the Board of Directors' Annual Report



c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities,
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



İsmail Önder Ünal, SMMM

Partner

17 February 2021

İzmir, Türkiye

Statement of Responsibility for Financial Statements

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS

RESOLUTION DATE: 15.02.2021

RESOLUTION NUMBER: 2021/3

We hereby declare that the financial statements for the fiscal year 2020 prepared by our Company in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards and the formats determined by the Capital Markets Board pursuant to the Turkish Commercial Code and the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

- Have been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the financial statements do not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the financial statements prepared in accordance with the Communiqué present fairly the assets, liabilities, financial position and the results of operations of the Company and we are responsible for the announcement made.

Sincerely,



Chairman of the Audit Committee
Elmas Melih Araz



Member of the Audit Committee
Bekir Ağır



Financial Affairs Coordinator
Alp Dayı

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

**Convenience Translation into English of
Financial Statements at 1 January - 31 December 2020
Together With Independent Auditor's Report**

(Originally Issued in Turkish)

Independent Auditor's Report



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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement of Tangible Assets

Refer to Note 2.5.3 and Note 11 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for fair value measurement of tangible assets.

Independent Auditor's Report



The key audit matter	How the matter was addressed in our audit
<p>The Company has applied the accounting policy to measure its land, buildings and land improvements at fair value in its financial statements in accordance with TAS 16, "Property, Plant and Equipment".</p> <p>As a result of the revaluation in 2020, the Company recognized TL 401,410 thousand fair value increase on tangible assets.</p> <p>Fair values of the Company's revaluated tangible assets are determined by professional independent valuation expert authorized by the CMB.</p> <p>Fair value measurement of tangible assets is determined as a key audit matter, since the amount of fair value increase recognized in the financial statements as of 31 December 2020 is material to the financial statements of the Company and the inputs and calculations used in valuation methods are complex and includes significant estimates and judgements.</p>	<p>Audit procedures that are applied in this matter involves below:</p> <ul style="list-style-type: none"> - The evaluation of the competence, capabilities and objectivity of the independent professional valuation experts to determine the fair value of tangible assets, - Check the depreciation amounts of revaluated tangible assets by recalculation, - Evaluating the valuation methods and inputs used for fair value measurement of tangible assets with the participation of our valuation experts, - Evaluating the appropriateness of key estimates and inputs used in valuation methods, including comparison of current precedent values in the market and preceding values with the participation of our valuation experts, - Checking the appropriateness and adequacy of financial statement disclosures, including the explanations of the key estimates and assumptions regarding the fair value measurement of tangible assets, in accordance with TFRS.

Other Matter

The financial statements of Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 11 February 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report



B) Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 15 February 2021.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2020 and 31 December 2020, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents, except annual report, in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



İsmail Önder Ünal, SMMM
Partner
15 February 2021
İzmir, Türkiye

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

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Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Statement of Financial Position (Balance Sheets)

As of 31 December 2020 and 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
	Footnotes	31 December 2020	31 December 2019
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	216.011	119.328
Trade Receivables		3.285.995	1.748.257
Trade Receivables Due From Related Parties	6, 7	3.280.987	1.741.171
Trade Receivables Due From Third Parties	7	5.008	7.086
Other Receivables		1.086.150	630.205
Other Receivables Due From Related Parties	6, 8	855.935	482.149
Other Receivables Due From Third Parties	8	230.215	148.056
Derivative Financial Instruments		18.83	2.603
Derivative Financial Instruments Held for Trading	28	18.543	2.603
Derivative Financial Instruments Held for Hedging	28	287	-
Inventories	9	952.552	646.136
Prepayments		53.422	20.052
Prepayments to Third Parties	10	53.422	20.052
Other Current Assets		3.812	1.163
Other Current Assets Due From Third Parties	18	3.812	1.163
TOTAL CURRENT ASSETS		5.616.772	3.167.744

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position (Balance Sheets)

As of 31 December 2020 and 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
	Footnotes	31 December 2020	31 December 2019
NON-CURRENT ASSETS			
Other Receivables		4.500	3.748
Other Receivables Due From Third Parties	8	4.500	3.748
Property, Plant and Equipments		2.190.304	1.516.259
Land and Premises	11	503.898	192.824
Land Improvements	11	49.957	39.632
Buildings	11	643.223	435.552
Machinery and Equipment	11	919.610	771.383
Vehicles	11	366	168
Fixtures and Fittings	11	36.413	26.336
Leasehold Improvements	11	4.688	5.133
Construction in Progress	11	32.149	45.231
Right of Use Assets	12	148.920	61.947
Intangible Assets and Goodwill		216.439	180.509
Other Rights	13	180	165
Capitalized Development Costs	13	202.424	167.955
Other Intangible Assets	13	13.835	12.389
Prepayments		53.056	53.595
Prepayments to Third Parties	10	53.056	53.595
TOTAL NON-CURRENT ASSETS		2.613.219	1.816.058
TOTAL ASSETS		8.229.991	4.983.802

The accompanying notes are an integral part of these financial statements.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Statement of Financial Position (Balance Sheets)

As of 31 December 2020 and 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
	Footnotes	31 December 2020	31 December 2019
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		998.969	733.300
Current Borrowings from Related Parties	5,6	16.181	6.973
Lease Liabilities		16.181	6.973
Current Borrowings From Third Parties		982.788	726.327
Bank Loans	5	960.540	714.041
Lease Liabilities	5	22.248	12.286
Current Portion of Non-current Borrowings		234.294	13.342
Current Portion of Non-current Borrowings from Third Parties		234.294	13.342
Bank Loans	5	234.294	13.342
Trade Payables		2.874.941	2.069.922
Trade Payables to Related Parties	6,7	188.142	132.380
Trade Payables to Third Parties	7	2.686.799	1.937.542
Employee Benefit Obligations	17	54.166	42.926
Other Payables		206.285	70.291
Other Payables to Related Parties	6	206.285	70.291
Derivative Financial Liabilities		48.839	5.264
Derivative Financial Liabilities Held for Trading	28	11.743	5.264
Derivative Financial Liabilities Held for Hedging	28	37.096	-
Current Tax Liabilities, Current	26	2.432	504
Current Provisions		9.674	5.847
Other Current Provisions	15	9.674	5.847
Other Current Liabilities		29.075	50.322
Other Current Liabilities to Third Parties	18	29.075	50.322
TOTAL CURRENT LIABILITIES		4.458.675	2.991.718

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position (Balance Sheets)

As of 31 December 2020 and 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
	Footnotes	31 December 2020	31 December 2019
NON-CURRENT LIABILITIES			
Long Term Borrowings		207.731	56.831
Long Term Borrowings From Related Parties		109.058	32.546
Lease Liabilities	5.6	109.058	32.546
Long Term Borrowings From Third Parties		98.673	24.285
Bank Loans	5	88.566	10.303
Lease Liabilities	5	10.107	13.982
Trade Payables		61.787	6.747
Trade Payables to Third Parties	7	61.787	6.747
Non-current Provisions		85.734	57.289
Non-current Provisions for Employee Benefits	17	85.734	57.289
Deferred Tax Liabilities	26	54.299	64.989
TOTAL NON-CURRENT LIABILITIES		409.551	185.856
TOTAL LIABILITIES		4.868.226	3.177.574

The accompanying notes are an integral part of these financial statements.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Statement of Financial Position (Balance Sheets)

As of 31 December 2020 and 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited Footnotes 31 December 2020	Audited 31 December 2019
EQUITY			
Equity Attributable to Owners of the Company		3.361.765	1.806.228
Issued Capital	19	190.000	190.000
Inflation Adjustments on Capital	19	9.734	9.734
Share Premium (Discount)	19	109.031	109.031
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		771.673	395.981
Gains (Losses) on Revaluation and Remeasurement		771.673	395.981
Increases (Decreases) on Revaluation of Property, Plant and Equipment		800.187	410.776
Gains (Losses) on Remeasurements of Defined Benefit Plans		(28.514)	(14.795)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		(29.447)	-
Gains (Losses) on Hedge		(29.447)	-
Gains (Losses) on Cash Flow Hedges		(29.447)	-
Restricted Reserves Appropriated From Profits		187.190	173.938
Legal Reserves	19	187.190	173.938
Prior Years' Profits or Losses	19	792.276	359.472
Current Period Net Profit Or Loss		1.331.308	568.072
TOTAL EQUITY		3.361.765	1.806.228
TOTAL LIABILITIES AND EQUITY		8.229.991	4.983.802

Financial statements for the period 1 January - 31 December 2020 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 15 February 2021. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

The accompanying notes are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Periods 1 January - 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
	Footnotes		
PROFIT OR LOSS			
Revenue	20	9.409.285	6.967.964
Cost of Sales	20	(7.602.834)	(6.083.290)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		1.806.451	884.674
GROSS PROFIT (LOSS)		1.806.451	884.674
General Administrative Expenses	22	(81.028)	(69.037)
Marketing Expenses	22	(118.022)	(93.392)
Research and Development Expense	22	(78.866)	(58.023)
Other Income from Operating Activities	23	523.030	314.368
Other Expenses from Operating Activities	23	(547.368)	(377.348)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.504.197	601.242
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.504.197	601.242
Finance Income	24	476.221	338.823
Finance Costs	24	(648.486)	(375.501)
PROFIT (LOSS) FROM CONTINUING OPERATIONS. BEFORE TAX		1.331.932	564.564
Tax (Expense) Income. Continuing Operations		(624)	3.508
Current Period Tax (Expense) Income	26	(5.771)	(2.913)
Deferred Tax (Expense) Income	26	5.147	6.421
PROFIT (LOSS) FROM CONTINUING OPERATIONS		1.331.308	568.072
PROFIT (LOSS)		1.331.308	568.072
Earnings Per Share with a TL 1 of Par Value	27	7,01	2,99
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss	25	382.442	(7.226)
Gains (Losses) on Revaluation of Property, Plant and Equipment		401.410	-
Gains (Losses) on Remeasurements of Defined Benefit Plans		(17.149)	(9.032)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss		(1.819)	1.806
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment		(5.249)	-
Taxes Relating to Remeasurements of Defined Benefit Plans		3.430	1.806
Other Comprehensive Income that will be Reclassified to Profit or Loss		(29.447)	636
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		(36.809)	816
Gains (Losses) on Cash Flow Hedges		(36.809)	816
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		7.362	(180)
Taxes Relating to Cash Flow Hedges		7.362	(180)
OTHER COMPREHENSIVE INCOME (LOSS)		352.995	(6.590)
TOTAL COMPREHENSIVE INCOME (LOSS)		1.684.303	561.482

The accompanying notes are an integral part of these financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts				Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss	
			Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurements		

Previous Period

1 January -31 December 2019

Balance at Beginning of Period	190.000	9.734	109.031	417.527	(7.569)	409.958	409.958
Transfers	-	-	-	-	-	-	-
Total Comprehensive Income (Loss)	-	-	-	(6.751)	(7.226)	(13.977)	(13.977)
Profit (Loss)	-	-	-	(6.751)	-	(6.751)	(6.751)
Other Comprehensive Income (Loss)	-	-	-	-	(7.226)	(7.226)	(7.226)
Dividends Paid	-	-	-	-	-	-	-
Balance at End of Period	190.000	9.734	109.031	410.776	(14.795)	395.981	395.981

Current Period

1 January -31 December 2020

Balance at Beginning of Period	190.000	9.734	109.031	410.776	(14.795)	395.981	395.981
Transfers	-	-	-	(6.750)	-	(6.750)	(6.750)
Total Comprehensive Income (Loss)	-	-	-	396.161	(13.719)	382.442	382.442
Profit (Loss)	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)	-	-	-	396.161	(13.719)	382.442	382.442
Dividends Paid	-	-	-	-	-	-	-
Balance at End of Period	190.000	9.734	109.031	800.187	(28.514)	771.673	771.673

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									Equity
			Other Accumulated Compre- hensive Income that will be Reclassified to Profit or Loss	Restricted Reserves Appropriated From Profits				Equity attributable to owners of parent	
	Gain/(Loss) From Cash Flow Hedge	Reserve Of Gains or Losses on Hedge			Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings		
	(636)	(636)	(636)	118.206	352.721	622.561	975.282	1.811.575	1.811.575
	-	-	-	55.732	566.829	(622.561)	(55.732)	-	-
	636	636	636	-	6.751	568.072	574.823	561.482	561.482
	-	-	-	-	6.751	568.072	574.823	568.072	568.072
	636	636	636	-	-	-	-	(6.590)	(6.590)
	-	-	-	-	(566.829)	-	(566.829)	(566.829)	(566.829)
	-	-	-	173.938	359.472	568.072	927.544	1.806.228	1.806.228
	-	-	-	173.938	359.472	568.072	927.544	1.806.228	1.806.228
	-	-	-	13.252	561.570	(568.072)	(6.502)	-	-
	(29.447)	(29.447)	(29.447)	-	-	1.331.308	1.331.308	1.684.303	1.684.303
	-	-	-	-	-	1.331.308	1.331.308	1.331.308	1.331.308
	(29.447)	(29.447)	(29.447)	-	-	-	-	352.995	352.995
	-	-	-	-	(128.766)	-	(128.766)	(128.766)	(128.766)
	(29.447)	(29.447)	(29.447)	187.190	792.276	1.331.308	2.123.584	3.361.765	3.361.765

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Statements of Cash Flows**For the Periods 1 January - 31 December 2020 and 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited 1 January -	Audited 1 January -
	Footnotes	31 December 2020	31 December 2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		574.223	617.727
Profit (Loss) For The Period		1.331.308	568.072
Profit (Loss) For The Period from Continuing Operations		1.331.308	568.072
Adjustments to Reconcile Profit (Loss)		371.234	187.130
Adjustments for Depreciation and Amortisation Expense	11, 12, 13	300.308	257.440
Adjustments for Impairment Loss (Reversal of Impairment Loss)		2.432	(1.171)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	2.432	(1.171)
Adjustments for Provisions		24.673	19.129
Adjustments for (Reversal of) Provisions Related with Employee Benefits	17	20.846	16.472
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	15	3.827	2.657
Adjustments for Interest (Income) Expenses		43.062	(74.709)
Adjustments for Interest Income	24	(52.487)	(161.325)
Adjustments for Interest Expense	24	95.549	86.616
Adjustments for Unrealised Foreign Exchange Losses (Gains)		4.136	24.859
Adjustments for Fair Value Losses (Gains)		(9.461)	(14.624)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(9.461)	(14.624)
Adjustments for Tax (Income) Expenses	26	624	(3.508)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(2.706)	(809)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(2.706)	(809)
Other Adjustments to Reconcile Profit (Loss)	4	8.166	(19.477)

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows**For the Periods 1 January - 31 December 2020 and 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
	Footnotes		
Changes in Working Capital		(1.114.925)	(127.423)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(1.537.738)	(268.044)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(1.539.816)	(265.060)
Decrease (Increase) in Trade Accounts Receivables from Third Parties	7	2.078	(2.984)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(82.911)	11.988
Decrease (Increase) in Other Third Party Receivables Related with Operations	8	(82.911)	11.988
Adjustments for Decrease (Increase) in Inventories	9	(308.848)	(65.911)
Decrease (Increase) in Prepaid Expenses	10	(32.831)	(21.434)
Adjustments for Increase (Decrease) in Trade Accounts Payable		860.059	161.061
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	55.762	82.130
Increase (Decrease) in Trade Accounts Payables to Third Parties	7	804.297	78.931
Increase (Decrease) in Employee Benefit Liabilities	17	11.240	11.730
Other Adjustments for Other Increase (Decrease) in Working Capital		(23.896)	43.187
Decrease (Increase) in Other Assets Related with Operations	18	(2.649)	(333)
Increase (Decrease) in Other Payables Related with Operations	18	(21.247)	43.520
Cash Flows from (used in) Operations		587.617	627.779
Payments Related with Provisions for Employee Benefits	17	(9.551)	(6.927)
Income Taxes Refund (Paid)	26	(3.843)	(3.125)

The accompanying notes are an integral part of these financial statements.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Statements of Cash Flows**For the Periods 1 January - 31 December 2020 and 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited 1 January -	Audited 1 January -
	Footnotes	31 December 2020	31 December 2019
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(958.714)	(135.306)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		14.980	2.630
Proceeds from Sales of Property, Plant and Equipment and Intangible Assets		14.980	2.630
Purchase of Property, Plant, Equipment and Intangible Assets		(599.908)	(359.671)
Purchase of Property, Plant and Equipment	11	(519.930)	(297.826)
Purchase of Intangible Assets	13	(79.978)	(61.845)
Cash Advances and Loans Made		(373.786)	221.735
Cash Advances and Loans Made to Related Parties	6	(373.786)	221.735
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		489.340	(503.417)
Proceeds from Borrowings		2.006.706	1.116.152
Proceeds from Loans	5	2.006.706	1.116.152
Repayments of Borrowings		(1.461.014)	(1.041.103)
Loan Repayments	5	(1.465.848)	(1.040.466)
Payments of Other Financial Borrowings		4.834	(637)
Decrease in Other Payables to Related Parties		135.994	(64.579)
Payments of Lease Liabilities		(39.718)	(23.392)
Dividends Paid	6	(128.766)	(566.829)
Interest Paid		(76.349)	(84.991)
Interest Received		52.487	161.325
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		104.849	(20.996)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5	104.849	(20.996)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	82.287	103.283
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	187.136	82.287

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company" or "Vestel Beyaz Eşya") was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli/İstanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company's production facilities occupy 405.864 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 628.814 square meters.

The Company is a member of Vestel Group of Companies which are under the control of Zorlu Family. The Company performs its export sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa Istanbul ("BİST") since 21 April 2006.

As of 31 December 2020, the number of personnel employed was 9.210 (31 December 2019: 7.821).

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	89,90
Other shareholders	10,10
	100,00

As of 31 December 2020, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul ("BİST") (31,5% of its share capital; 31 December 2019: 31,5%).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

2.2 Comparative information and restatement of prior period financial statements

Financial statements of the Company have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the financial statements.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.4. Amendments in Turkey Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 31 December 2020

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current-that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company does not expect that application of these amendments to IAS 1 will have significant impact on its financial statements.

Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends IFRS 16 Leases-Amendments to TFRS 16 is issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Company shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

IBOR Reform and its Effects on Financial Reporting-Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 AND TFRS 16)

In August 2020, IASB has published amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform-Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project and then these amendments were also issued by POA.

The objectives of the Phase 2 amendments are to assist companies in:

- applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to and these amendments were also issued by POA :

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2021 with earlier application permitted.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, IFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment-Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment-Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements-specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

Onerous Contracts-Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts-Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Annual Improvements to TFRS Standards 2018-2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs/2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16 (a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that - for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022.

The changes that become effective as of January 1, 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the financial statements of the Company.

3-) Amendments to TAS 1 and TAS 8 - Definition of Material

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the financial statements of the Company.

4-) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the financial statements of the Company.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies

2.5.1 Revenue

The Company recognizes revenue in accordance with TFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all of the following conditions are satisfied:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Company can identify each party's rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Company uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Property, plant and equipment except for land, land improvements and buildings acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Land is not depreciated. Machinery and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Leases

The Company - as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Company assess whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- The Company has the right to direct use of the asset, The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At the actual commencement date of the contract, the Company reflects a right-of-use asset and a lease liability in its financial statements.

The Company rents various buildings, warehouses, forklifts and machinery. The duration of the leasing contracts for machine and equipment is usually 5 years; for building and warehouses is usually fixed from 2 to 10 years.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Vestel Group Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the Company, varies between 1 - 10 years.

The Company - as a lessor

The Company's activities as a lessor are not material.

Right of use assets:

The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the Company.

To apply the cost model, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

2.5.4. Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.4. Intangible assets (Cont'd)

b) Rights and other intangible fixed assets

Rights and other intangible assets consist acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than five years.

2.5.5. Financial instruments

a) Financial assets

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the basis of the business model determined according to utilization purposes and expected cash outflows. The Company classifies its financial assets at the time of initial recognition.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Company and its expectations for the future indications.

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

The Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Company mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the profit or loss statement.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.5. Financial instruments (Cont'd)

The hedging transactions of the Company that qualify for hedge accounting are accounted in accordance with TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Company's financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. On-monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company are not included in the financial statements and treated as contingent assets or liabilities.

2.5.8 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Company companies are considered and referred to as related parties.

2.5.9 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.9 Taxation on income (Cont'd)

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Company will benefit from the related incentive.

Deferred tax liabilities are recognized for taxable temporary differences except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing, dated 18 November 2007 sets the implementation procedures of the law. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arms' length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible items for corporate income tax purposes.

Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.5.10 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision for employment termination benefits as of 31 December 2020 is calculated in accordance with the assumptions used by the independent actuarial firm and is recorded in the financial statements at its net present value. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

2.5.11 Government grants

Government grants, including non-monetary grants at fair value, are recognized in financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in financial statements when they are authorized by the related institutions.

2.5.12 Earnings per share

Earnings per share disclosed in the statement of income is determined by dividing net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of significant accounting policies (Cont'd)

2.5.13 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.14 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.15 Events after the balance sheet date

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made on the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.16 Going concern

The Company prepared financial statements in accordance with the going concern assumption.

2.6. Critical accounting estimates and judgments

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

i. Revaluation of lands, buildings and land improvements

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2020 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of market approach whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

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Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments (Cont'd)

i. Revaluation of lands, buildings and land improvements (Cont'd)

- In the cost approach method, fair value of the buildings and land improvements was calculated by considering depreciation on the re-construction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

NOTE 3 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Company's chief operating decision maker. The Company's Board of Directors has been identified as the Company's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Company management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical segments

Segment revenue	1 January - 31 December 2020	1 January - 31 December 2019
Turkey	2.166.143	1.241.424
Europe	5.554.463	4.352.798
Other	1.732.569	1.395.035
Gross sales	9.453.175	6.989.257
Discounts (-)	(43.890)	(21.293)
Net sales	9.409.285	6.967.964

Other segment sales mainly comprise of sales to Asian and African countries.

The amount of export is TL 7.287.032 thousand for the period ended 31 December 2020. (1 January-31 December 2019: TL 5.747.833 thousand). Export sales are denominated in EURO, and USD as 94,2%, and 5,8% of total export respectively (1 January-31 December 2019: 93,1% EUR, 6,9% USD).

The carrying value of segment assets and costs incurred in order to obtain these assets are not separately disclosed since all assets of the Company are located in Turkey.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	215	228
Bank deposits		
- Demand deposits	169.037	82.059
- Time deposits	17.884	-
	187.136	82.287
Blocked deposits	28.875	37.041
Cash and cash equivalents	216.011	119.328

As at 31 December 2020, the Company has time deposits amounting to USD 2.300 thousand and TL 1.000 thousand. The maturities for time deposits are less than 1 month (31 December 2019: None).

The effective interest rates for time deposits are as below:

	31 December 2020	31 December 2019
TL	18,00%	-
USD	1,00%	-

NOTE 5 - FINANCIAL LIABILITIES

	31 December 2020	31 December 2019
Short - term financial liabilities		
Short term bank loans	960.540	714.041
Short term portion of long term bank loans	234.294	13.342
Lease liabilities	38.429	19.259
	1.233.263	746.642
Long - term financial liabilities		
Long term bank loans	88.566	10.303
Lease liabilities	119.165	46.528
	207.731	56.831

Details of the Company's short term bank loans are given below:

	31 December 2020			31 December 2019		
Currency	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	3,17%	20.000	146.810	-	-	-
- EUR	2,57%	89.400	805.306	3,13%	82.089	545.940
- TL	20,61%	8.424	8.424	20,01%	168.101	168.101
			960.540			714.041

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - FINANCIAL LIABILITIES (Cont'd)

Details of the Company's long term bank loans are given below:

Currency	31 December 2020			31 December 2019		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	2,57%	3.477	31.316	0,00%	-	-
- TL	20,61%	202.978	202.978	19,84%	13.342	13.342
Short term portion			234.294			13.342
- EUR	2,57%	6.537	58.889	-	-	-
- TL	20,61%	29.677	29.677	19,84%	10.303	10.303
Long term portion			88.566			10.303
			322.860			23.645

The redemption schedule of the Company's long term bank loans are given below:

Uzun vadeli finansal borçların ödeme planı	31 December 2020	31 December 2019
One to two years	85.284	4.106
Two to three years	1.877	3.491
Three to four years	1.405	1.562
Four to five years	-	1.144
	88.566	10.303

Fair value of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

Guarantees given for the bank loans obtained are disclosed in note 15.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - FINANCIAL LIABILITIES (Cont'd)

As of 31 December 2020 and 31 December 2019, reconciliation of net financial debt is as below:

	31 December 2020	31 December 2019
Net financial debt as of 1 January	721.186	550.421
Cash inflows from loans	2.006.706	1.116.152
Cash outflows from loan payments	(1.465.848)	(1.040.466)
Cash inflow/outflow from other financial debts	91.807	52.179
Unrealized Fx gain/loss	4.136	20.412
Accrued interest	720	1.492
Change in cash and cash equivalents	(104.849)	20.996
Net financial debt at the end of the period	1.253.858	721.186

NOTE 6 - RELATED PARTY DISCLOSURES**a) Short term trade receivables from related parties**

	31 December 2020	31 December 2019
Vestel Ticaret A.Ş.	3.278.077	1.742.304
Other related parties	2.910	-
	3.280.987	1.742.304
Unearned interest on receivables (-)	-	(1.133)
	3.280.987	1.741.171

The receivables result from the Company's foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)**b) Short term trade payables to related parties**

	31 December 2020	31 December 2019
Vestel Elektronik Sanayi ve Ticaret A.Ş.	113.846	57.962
Vestel Ticaret A.Ş.	13.646	6.216
Vestel Holland B.V.	50.610	67.598
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	10.887	-
Other related parties	671	637
	189.660	132.413
Unearned interest on payables (-)	(1.518)	(33)
	188.142	132.380

c) Other short term receivables from related parties

	31 December 2020	31 December 2019
Vestel Elektronik Sanayi ve Ticaret A.Ş.	855.935	482.149

As of 31 December 2020 the Company's interest rate of other receivables in EUR and in USD are 5% and 7% respectively (31 December 2019: EUR 5%, TL 21%).

d) Other short term liabilities to related parties

	31 December 2020	31 December 2019
Vestel Elektronik Sanayi ve Ticaret A.Ş.	206.285	70.291

The Company's interest rate of other payables in TL is 20% (31 December 2019: EUR 5%, USD 7%).

e) Lease liabilities to related parties

	31 December 2020	31 December 2019
Vestel Elektronik Sanayi ve Ticaret A.Ş.	125.239	39.519

As of 31 December 2020, short term lease liabilities to related parties is TL 16.181 thousand, long term lease liabilities to related parties is TL 109.058 thousand (31 December 2019: TL 6.973 thousand, TL 32.546 thousand).

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties**

	1 January - 31 December 2020	1 January - 31 December 2019
Sales		
Vestel Ticaret A.Ş.	9.237.267	6.823.274
Vestel Elektronik Sanayi ve Ticaret A.Ş.	101.969	71.581
Other related parties	3.108	29
	9.342.344	6.894.884
Purchases and operating expenses		
Vestel Holland B.V.	250.763	214.045
Vestel Elektronik Sanayi ve Ticaret A.Ş.	493.455	332.544
Other related parties	26.812	29.942
	771.030	576.531
	1 January - 31 December 2020	1 January - 31 December 2019
Other operating income		
Vestel Ticaret A.Ş.	458.097	210.618
Other related parties	3.527	5.945
	461.624	216.563
Other operating expense		
Vestel Ticaret A.Ş.	157.026	84.104
Other related parties	19.397	4.487
	176.423	88.591

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

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NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)**f) Transactions with related parties (cont'd)**

	1 January - 31 December 2020	1 January - 31 December 2019
Dividend paid		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	119.166	539.483
Public shares	9.601	27.346
	128.766	566.829
	1 January - 31 December 2020	1 January - 31 December 2019
Financial income		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	125.080	158.044
Other related parties	39	123
	125.119	158.167
Financial expense		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	18.904	17.341
Other related parties	-	12
	18.904	17.353

g) Guarantees received from and given to related parties are disclosed in note 15.

h) Compensation paid to key management including directors, the Chairman of Board of Directors, general managers and assistant general managers.

Compensation paid to key management for the twelve months period ended 31 December 2020 is TL 8.488 thousand (1 January -31 December 2019: TL 8.025 thousand).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	3.280.987	1.742.304
- Other parties	5.571	6.096
Cheques and notes receivables	12	1.500
	3.286.570	1.749.900
Unearned interest expense (-)		
- Related parties (note 6)	-	(1.133)
- Other parties	-	(9)
Allowance for doubtful receivables (-)	(575)	(501)
Total short - term trade receivables	3.285.995	1.748.257

The Company provides allowance for doubtful receivables based on historical experience.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Cont'd)

	31 December 2020	31 December 2019
Short term trade payables		
Trade payables		
- Related parties (note 6)	189.660	132.413
- Other parties	2.696.289	1.937.952
	2.885.949	2.070.365
Unearned interest income (-)		
- Related parties (note 6)	(1.518)	(33)
- Other parties	(9.490)	(410)
Total short term trade payables	2.874.941	2.069.922
Long term trade payables		
Trade payables		
- Other parties	61.832	6.856
	61.832	6.856
Unearned interest income (-)		
- Other parties	(45)	(109)
Total long term trade payables	61.787	6.747

NOTE 8 - OTHER RECEIVABLES

	31 December 2020	31 December 2019
Short - term other receivables		
Other receivables from related parties (note 6)	855.935	482.149
Receivables from government agencies	216.766	139.045
Deposits and guarantees given	12.347	7.654
Other receivables	1.102	1.357
	1.086.150	630.205
Long - term other receivables		
Deposits and guarantees given	4.500	3.748
	4.500	3.748

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Notes to the Financial Statements

For the Period 1 January - 31 December 2020

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NOTE 9 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	622.132	387.201
Work in process	18.062	10.816
Finished goods	314.013	249.142
	954.207	647.159
Provision for impairment on inventories (-)	(1.655)	(1.023)
	952.552	646.136

As of 31 December 2020 the Company does not have inventories pledged as security for liabilities (31 December 2019: None).

Cost of the inventory included in the cost of sales for the current period amounts to TL 6.580.559 thousand (1 January - 31 December 2019: TL 5.271.194 thousand).

Allocation of provision for impairment on inventories in terms of inventory type is as follows:

	31 December 2020	31 December 2019
Finished goods and merchandise	1.655	1.023
	1.655	1.023

Movement of impairment on inventories is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance. 1 January	1.023	2.194
Current year additions	2.432	3.521
Realised due to sales of inventory	(1.800)	(4.692)
Balance at 31 December	1.655	1.023

NOTE 10 - PREPAID EXPENSES

	31 December 2020	31 December 2019
Prepaid expenses in current assets		
Order advances given	33.914	11.170
Prepaid expenses	19.504	8.819
Business advances given	4	63
	53.422	20.052
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	49.821	52.981
Prepaid expenses	3.235	614
	53.056	53.595

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Additions	Disposals	Transfer	Fair value increase	31 December 2020
Cost or revaluation						
Land	192.824	112.976	-	-	198.098	503.898
Land improvements	40.998	987	-	(2.756)	10.728	49.957
Buildings	447.048	24.773	-	(21.182)	192.584	643.223
Leasehold improvements	10.907	975	(3)	135	-	12.014
Plant and machinery	1.763.514	321.576	(21.986)	48.577	-	2.111.681
Motor vehicles	626	295	(59)	-	-	862
Furniture and fixtures	76.719	13.283	(293)	6.824	-	96.533
Construction in progress	45.231	45.065	-	(58.147)	-	32.149
	2.577.867	519.930	(22.341)	(26.549)	401.410	3.450.317
Accumulated depreciation						
Land improvements	1.366	1.404	-	(2.770)	-	-
Buildings	11.496	12.273	-	(23.769)	-	-
Leasehold improvements	5.774	1.554	(2)	-	-	7.326
Plant and machinery	992.131	221.584	(21.644)	-	-	1.192.071
Motor vehicles	458	97	(59)	-	-	496
Furniture and fixtures	50.383	10.006	(269)	-	-	60.120
	1.061.608	246.918	(21.974)	(26.539)	-	1.260.013
Net book value	1.516.259					2.190.304

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Notes to the Financial Statements

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2019	Additions	Disposals	Transfer	Fair value increase	31 December 2019
Cost						
Land	192.824	-	-	-	-	192.824
Land improvements	40.833	165	-	-	-	40.998
Buildings	438.634	7.485	(716)	1.645	-	447.048
Leasehold improvements	10.100	340	-	467	-	10.907
Plant and machinery	1.499.154	207.408	(7.937)	64.889	-	1.763.514
Motor vehicles	600	26	-	-	-	626
Furniture and fixtures	69.513	4.727	(368)	2.847	-	76.719
Construction in progress	37.488	77.675	-	(69.932)	-	45.231
	2.289.146	297.826	(9.021)	(84)	-	2.577.867
Accumulated depreciation						
Land improvements	-	1.366	-	-	-	1.366
Buildings	-	11.502	(6)	-	-	11.496
Leasehold improvements	4.387	1.387	-	-	-	5.774
Plant and machinery	806.605	193.171	(7.645)	-	-	992.131
Motor vehicles	379	79	-	-	-	458
Furniture and fixtures	42.411	8.318	(346)	-	-	50.383
	853.782	215.823	(7.997)	-	-	1.061.608
Net book value	1.435.364					1.516.259

Additions to property, plant and equipment in the period 1 January - 31 December 2020 and 2019 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories.

As at 31 December 2020, there are no pledges against the property, plant and equipments. (31 December 2019: None)

On 31 December 2020, the Company acquired 122,5 thousand sqm land in Manisa Organized Industrial Zone (MOSB) and the building located in 3 thousand sqm portion of this land for a total consideration of TL 131,811 thousand from Vestel Elektronik Sanayi ve Ticaret A.Ş. The acquisition price for the land was determined in accordance with the value set by the Board of Directors of the Manisa Organized Industrial Zone within the framework of the Article 15 of the Law No. 4562 while the price for the building was determined by negotiation between the parties.

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For the Period 1 January - 31 December 2020

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

31 December 2020	Land	Land improvements and buildings
Cost	152.038	203.958
Accumulated depreciation (-)	-	(46.146)
Net book value	152.038	157.812

31 December 2019	Land	Land improvements and buildings
Cost	39.062	171.990
Accumulated depreciation (-)	-	(40.908)
Net book value	39.062	131.082

Useful lives of property, plant and equipment is as follows:

	Useful life
Land improvements	8 - 35 years
Buildings	25 - 50 years
Leasehold improvements	5 years
Plant and machinery	5 - 20 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	251.075	221.424
Research and development expenses	39.298	33.700
Marketing, selling and distribution expenses	7.645	612
General administrative expenses	2.290	1.704
	300.308	257.440

31 December 2020	Level 1	Level 2	Level 3
Tangible assets			
Land	-	503.898	-
Land improvements and buildings	-	693.180	-

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

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NOTE 12 - RIGHT OF USE ASSETS

	1 January 2020	Additions	Disposals	31 December 2020
Cost				
Land and buildings	43.353	99.693	-	143.046
Machinery	32.790	8.519	(2.198)	39.111
	76.143	108.212	(2.198)	182.157
Accumulated amortization				
Land and buildings	5.136	8.371	-	13.507
Machinery	9.060	12.868	(2.198)	19.730
	14.196	21.239	(2.198)	33.237
Net book value	61.947	86.973	-	148.920

	1 January 2019	Effect of change in accounting policies	Additions	31 December 2019
Cost				
Land and buildings	-	43.353	-	43.353
Machinery	-	32.790	-	32.790
	-	76.143	-	76.143
Accumulated amortization				
Land and buildings	-	-	5.136	5.136
Machinery	-	-	9.060	9.060
	-	-	14.196	14.196
Net book value	-	76.143	-	61.947

The buildings mainly consist of group leases and their maturity expires in 2038.

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For the Period 1 January - 31 December 2020

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NOTE 13 - INTANGIBLE ASSETS

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
Cost					
Rights	6.534	34	-	-	6.568
Development cost	301.527	76.705	(11.907)	-	366.325
Other intangible assets	20.328	3.239	-	10	23.577
	328.389	79.978	(11.907)	10	396.470
Accumulated amortization					
Rights	6.369	19	-	-	6.388
Development cost	133.572	30.329	-	-	163.901
Other intangible assets	7.939	1.803	-	-	9.742
	147.880	32.151	-	-	180.031
Net book value	180.509				216.439
	1 January 2019	Additions	Disposals	Transfers	31 December 2019
Cost					
Rights	6.429	105	-	-	6.534
Development cost	244.701	57.623	(797)	-	301.527
Other intangible assets	16.127	4.117	-	84	20.328
	267.257	61.845	(797)	-	328.389
Accumulated amortization					
Rights	6.360	9	-	-	6.369
Development cost	107.534	26.038	-	-	133.572
Other intangible assets	6.496	1.443	-	-	7.939
	120.390	27.490	-	-	147.880
Net book value	146.867				180.509

Development costs, incurred by the Company on development projects relating to refrigerators, split air conditioners, washing machines, cookers and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

Useful lives of intangible assets are as follows:

	Useful life
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

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NOTE 14 - GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under jurisdiction of the research and development law,
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak-Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive.

Research and development incentive premium from Tübitak Teknoloji ve Yenilik Destek Programları Başkanlığı ("TEYDEB") amounts to TL 1.283 thousand for the period 1 January - 31 December 2020 (1 January - 31 December 2019: TL 622 thousand).

The Company has not obtained any Turquality Brand support incentive from Republic of Turkey Prime Ministry Undersecretary of Treasury in 2020 (2019: None).

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2020	31 December 2019
Short - term provisions		
Provision for lawsuit risks	9.674	5.847
	9.674	5.847

The movements in the provision for lawsuits are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance. 1 January	5.847	3.190
Current year additions	4.415	2.777
Payments/disposals	(588)	(120)
Balance at 31 December	9.674	5.847

b) Guarantees received by the Company

	31 December 2020	31 December 2019
Guarantee letters	38.071	27.573
Cheques and notes	1.435	1.330
Collaterals and pledges	8.163.433	5.605.504
	8.202.939	5.634.407

Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

Notes to the Financial Statements

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NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:**

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2020				
A. CPM's given on behalf of its own legal entity	-	7.420	44.929	111.766
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.008.140	32.031	854.695	8.543.476
i. Total amount of CPM's given on behalf of the parent company	722.288	-	614.636	5.916.588
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	32.031	240.059	2.626.888
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.008.140	39.451	899.624	8.655.242
CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2019				
A. CPM's given on behalf of its own legal entity	-	2.000	29.100	42.401
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.008.140	32.031	854.695	7.056.271
i. Total amount of CPM's given on behalf of the parent company	722.288	-	614.636	4.905.169
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	32.031	240.059	2.151.102
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.008.140	34.031	883.795	7.098.672

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. and Vestel Holland BV for their forward contracts and bank loans obtained.

Proportion of other CPM's given by the Company to its equity was 254% as of 31 December 2020 (31 December 2019: 391%).

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For the Period 1 January - 31 December 2020

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NOTE 16 - COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to USD 974.233 thousand (31 December 2019: USD 800.553 thousand) due to the export and investment incentive certificates obtained.

As of 31 December 2020 the Company has forward foreign currency purchase contract that amounts to TL 959.540 thousand, EUR 4.257 thousand and USD 287.768 thousand against forward foreign currency sales contract that amounts to EUR 289.759 thousand, USD 39.567 thousand and TL 238.438 thousand (31 December 2019: TL 289.370 thousand, EUR 61.191 thousand and USD 127.966 thousand against forward foreign currency sales contract that amounts to EUR 104.806 thousand, USD 60.682 thousand and TL 402.625 thousand).

NOTE 17 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2020	31 December 2019
Due to personnel	38.090	32.176
Social security payables	16.076	10.750
	54.166	42.926

Long term provisions for employee benefits:

	31 December 2020	31 December 2019
Provision for employment termination benefits	85.734	57.289

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No. 506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No. 2422 and 25 August 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's gross salary for each year of service and is limited to a maximum of TL 7.117,17 TL/year as of 31 December 2020 (31 December 2019: 6.379,86 TL/year).

The provision for employee termination benefits is not funded.

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which is described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 31 December 2019 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 December 2020 provision is calculated based on real discount rate of 4,44% (31 December 2019: 5,21%) assuming 8,5% annual inflation rate and 12,94% discount rate.

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For the Period 1 January - 31 December 2020

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NOTE 17 - EMPLOYEE BENEFITS (Cont'd)

The movements in the provision for employment termination benefit are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Balance at 1 January	57.289	38.713
Increase during the year	14.083	10.539
Payments during the year	(9.551)	(6.927)
Actuarial (gain)/loss	17.149	9.032
Interest expense	6.763	5.932
Balance at 31 December	85.734	57.289

As of 31 December 2020, an increase in annual discount rate by 0,25% would lead to a decrease in employee benefit liability by 4% ; a decrease in annual discount rate by 0,25% would lead to an increase in employee benefit liability by 4,2%. (31 December 2019: 4% decrease and 4,2% increase).

As of 31 December 2020, an increase in salary escalation by 0,25% would lead to an increase in employee benefit liability by 4,4%; a decrease in salary escalation by 0,25% would lead to a decrease in employee benefit liability by 4,2%. (31 December 2019: 4,3% increase and 4,1% decrease)

NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Other current assets		
VAT carried forward	333	97
Other	3.479	1.066
	3.812	1.163
Other current liabilities		
Taxes and dues payable	28.055	14.564
Advances received	121	32.442
Other	899	3.316
	29.075	50.322

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NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2020	31 December 2019
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 31 December 2020 and 31 December 2019 the shareholding structure is as follows:

	Shareholding		Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Vestel Elektronik Sanayi ve Ticaret A.Ş.	89,90%	95,18%	170.810	180.834
Shares held by public	10,10%	4,82%	19.190	9.166
	100,00%	100,00%	190.000	190.000

Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 5.000.000 shares of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. at Borsa İstanbul on 29 June 2020, 18,365 shares on 3 September 2020 and 5.000.000 shares on 25 November 2020. Following these transactions, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 89,90%.

b) Adjustments to share capital

Adjustment to share capital is the difference between the share capital recalculated to adjust the effects of hyperinflation until 31 December 2004 and historical share capital.

	31 December 2020	31 December 2019
Adjustment to share capital	9.734	9.734

c) Share Premium

Share premium account refers the difference between par value of the company's shares and the amount of the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

	31 December 2020	31 December 2019
Share premium	109.031	109.031

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NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**d) Restricted reserves ("Legal reserves")**

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	31 December 2020	31 December 2019
Legal reserves	187.190	173.938

e) Retained earnings

	31 December 2020	31 December 2019
Extraordinary reserves	694.202	282.356
Previous year's profits	98.074	77.116
	792.276	359.472

f) Dividend distribution

For listed companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of redeemed share right certificates, to members of board of directors or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

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NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

f) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

Based on the statement dated 3 June 2020, dividend distribution proposal amounting to TL 128.766 thousand has been accepted by the board of directors submitted for the approval of the General Assembly for 2019. The payment has been made in July 2020.

NOTE 20 - SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	2.166.143	1.241.424
Export sales	7.287.032	5.747.833
Gross sales	9.453.175	6.989.257
Less: Sales discounts (-)	(43.890)	(21.293)
Net sales	9.409.285	6.967.964
Cost of sales	(7.602.834)	(6.083.290)
Gross profit	1.806.451	884.674

NOTE 21 - EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
Raw materials, supplies and finished goods	6.652.676	5.312.745
Changes in finished goods, work in process and trade goods	(72.117)	(41.551)
Personnel expenses	643.508	474.957
Depreciation and amortization	300.308	257.440
Other	356.375	300.151
	7.880.750	6.303.742

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NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**a) General administrative expenses:**

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	16.969	15.242
Consultancy Expenses	35.128	23.974
Rent and office expenses	5.069	6.890
Travelling expenses	1.192	2.022
Energy expenses	855	1.022
Depreciation and amortization	2.290	1.704
Benefits and services provided externally	1.092	285
Other	18.433	17.898
	81.028	69.037

b) Marketing expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	29.361	21.288
Transportation, distribution and storage expenses	53.589	46.177
Taxes and duties	17.143	12.868
Insurance expenses	2.718	1.958
Depreciation and amortization	7.645	612
Other	7.566	10.489
	118.022	93.392

c) Research and development expenses:

Depreciation and amortization	39.298	33.700
Personnel expenses	19.029	8.554
Other	20.539	15.769
	78.866	58.023

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NOTE 23 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income

	1 January - 31 December 2020	1 January - 31 December 2019
Credit finance gains arising from trading activities	12.073	19.272
Foreign exchange gains arising from trading activities	484.445	287.459
Other income	26.512	7.637
	523.030	314.368

b) Other operating expense

	1 January - 31 December 2020	1 January - 31 December 2019
Debit finance charges arising from trading activities	919	22.222
Foreign exchange expenses arising from trading activities	535.443	324.452
Other expenses	11.006	30.674
	547.368	377.348

NOTE 24 - FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains	126.794	30.031
Gains on derivative financial instruments	296.940	147.467
Interest income	52.487	161.325
	476.221	338.823

b) Financial expense:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses	191.431	77.894
Losses on derivative financial instruments	360.577	210.801
Interest expense	95.549	86.616
Other finance expenses	929	190
	648.486	375.501

Notes to the Financial Statements

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NOTE 25 - ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS**a) Cash flow hedge fund:**

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance. 1 January	-	(636)
Gains (losses) on cash flow hedges	(36.809)	816
Taxes relating to cash flow hedges	7.362	(180)
Balance at 31 December	(29.447)	-

b) Actuarial (loss)/gain arising from defined benefit plans:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance. 1 January	(14.795)	(7.569)
Gains (losses) on remeasurements of defined benefit plans	(17.149)	(9.032)
Taxes relating to remeasurements of defined benefit plans	3.430	1.806
Balance at 31 December	(28.514)	(14.795)

NOTE 26 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2020	31 December 2019
Corporate tax	5.771	2.913
Prepaid taxes	(3.339)	(2.409)
Corporate tax	2.432	504
Deferred tax liabilities	(54.299)	(64.989)
Deferred tax assets/(liabilities)	(54.299)	(64.989)

Corporate tax is applied on taxable corporate income, which is calculated from the statutory profit by adding back non-deductible expenses and by deducting other exempt income.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 22%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

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NOTE 26 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Corporate tax rate will be applied as 20% for 2021. As at 31 December 2020, 20% tax rate is used for deferred tax assets and liabilities calculation on temporary differences. (31 December 2019: 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards).

As of 1 January - 31 December 2020 and 2019 tax expense in the statement of comprehensive income is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Current period tax expense	(5.771)	(2.913)
Deferred tax benefit/(expense)	5.147	6.421
Total tax income/(expense)	(624)	3.508

Total tax benefit for the year can be reconciled to the accounting profit as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit before tax	1.331.932	564.564
Local tax rate	22%	22%
Tax income calculated using local tax rate	(293.025)	(124.204)
Non-deductible expenses	(2.437)	(914)
Discounts and exemptions	28.436	16.490
Effect of reduced tax rate	267.121	112.860
Effect of legal tax rate change on deferred tax	(911)	(805)
Other	193	81
	(624)	3.508

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Company has tax incentive giving right to use reduced rate of corporate tax.

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For the Period 1 January - 31 December 2020

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NOTE 26 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**Deferred tax assets and liabilities**

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets				
Employment termination benefits	(85.734)	(57.289)	17.147	11.458
Net difference between book values and tax bases of tangible and intangible assets	(34.505)	(12.900)	6.901	2.580
Provision for impairment on inventories	(1.655)	(1.023)	331	225
Derivative financial instruments	(48.839)	(5.264)	9.768	1.158
Other	(43.034)	(20.623)	8.607	4.537
			42.754	19.958
Deferred tax liabilities				
Revaluation of tangible fixed assets	887.222	494.250	(87.035)	(83.474)
Derivative financial instruments	18.830	2.603	(3.766)	(573)
Other	31.259	6.609	(6.252)	(900)
			(97.053)	(84.947)
Deferred tax assets/ (liabilities) - net			(54.299)	(64.989)

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance, 1 January	(64.989)	(73.036)
Tax expense recognized in income statement	5.147	6.421
Recognized in shareholders' equity	5.543	1.626
Deferred tax liabilities at the end of the period. net	(54.299)	(64.989)

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NOTE 27- EARNINGS PER SHARE

	1 January - 31 December 2020	1 January - 31 December 2019
Net profit attributable to shareholders	1.331.308	568.072
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	7,01	2,99

NOTE 28 - DERIVATIVE INSTRUMENTS

	31 December 2020		31 December 2019	
	Fair Value		Fair Value	
	Contract amount	Assets/ (Liabilities)	Contract amount	Assets/ (Liabilities)
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	975.841	18.543	673.575	2.603
Foreign currency swap contracts	-	-	-	-
Cash flow hedge				
Forward foreign currency transactions	195.845	287	-	-
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	528.226	(11.743)	782.893	(5.264)
Cash flow hedge				
Forward foreign currency transactions	1.410.330	(37.096)	-	-
	3.110.242	(30.009)	1.456.468	(2.661)

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**a) Capital risk management:**

The Company manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

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NOTE 29- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**a) Capital risk management: (Cont'd)**

As of 31 December 2020 and 2019 the Company's net debt/total equity ratios are as follows:

	31 December 2020	31 December 2019
Total financial liabilities (note 5)	1.440.994	803.473
Cash and cash equivalents (note 4)	(216.011)	(119.328)
Net debt	1.224.983	684.145
Total equity	3.361.765	1.806.228
Capital invested	4.586.748	2.490.373
Net debt/capital invested	0,27	0,27

b) Financial risk factors:

The Company's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Company's overall risk management program on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

Credit risk arises from bank deposits, trade receivables and other trade receivables. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of these agreements. The Company sells significant portion of its products to Vestel Ticaret A.Ş. which is a group company. Credit risk is evaluated by considering past experiences and current economic conditions and receivables is presented in the balance sheet after appropriate amount of provision for doubtful receivables is allocated. The company considers that the credit risk is managed effectively. The following statements show the analysis of credit risk as of 31 December 2020 and 31 December 2019:

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi

Notes to the Financial Statements

For the Period 1 January - 31 December 2020

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b) Financial risk factors: (Cont'd)****b.1) Credit risk: (Cont'd)**

31 December 2020	Receivables					
	Trade Receivables		Other Receivables		Bank Deposits	Other
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum exposed credit risk as at 31 December 2020 (A+B+C+D)	3.280.987	5.008	855.935	230.215	186.921	29.090
- Secured portion of the maximum credit risk by guarantees, etc	-	-	-	-	-	-
A. Net book value of financial asset either are not due or impaired	3.280.987	5.008	855.935	230.215	186.921	29.090
B. Net book value of financial asset with renegotiated conditions, otherwise considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	914	-	-	-	-
- Secured portion by guarantees, etc	-	(914)	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue	-	575	-	-	-	-
- Impairment	-	(575)	-	-	-	-
- Secured portion of the net value by guarantees, etc	-	-	-	-	-	-
E. Off balance sheet items comprised of credit risk	-	-	-	-	-	-

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b) Financial risk factors: (Cont'd)****b.1) Credit risk: (Cont'd)**

31 December 2019	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum exposed credit risk as at 31 December 2019 (A+B+C+D)	1.741.171	7.086	482.149	148.056	82.059	37.269
- Secured portion of the maximum credit risk by guarantees. etc	-	-	-	-	-	-
A. Net book value of financial asset either are not due or impaired	1.741.171	7.086	482.149	148.056	82.059	37.269
B. Net book value of financial asset with renegotiated conditions. otherwise considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	372	-	-	-	-
- Secured portion by guarantees. etc	-	(372)	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue	-	501	-	-	-	-
- Impairment	-	(501)	-	-	-	-
- Secured portion of the net value by guarantees. etc	-	-	-	-	-	-
E. Off balance sheet items comprised of credit risk	-	-	-	-	-	-

Aging of financial assets which are overdue but not impaired is as follows:

	31 December 2020	31 December 2019
0 -1 month	389	247
1 -3 month	525	125
Total overdue receivables	914	372

b.2) Price risk:

Due to the fact that the Company's operating profit and cash flows from operating activities has been affected by competition in the sector and changes in raw material prices, the prices is monitored by the Company management and cost-cutting measures has been taken in order to mitigate cost pressure effect on price level. In addition, the Company reviews market prices for active financial and operational risk management regularly.

Existing risks has been monitored on Audit Committee and Board of Directors meetings and raw material prices in market is reviewed closely.

b.3) Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

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For the Period 1 January - 31 December 2020

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.3) Liquidity risk: (Cont'd)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2020:

Contractual Maturities	Book Value	Total contractual cash outflows	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings and lease liabilities	1.440.994	1.443.315	67.867	1.198.036	177.412	-
Trade payables	2.936.728	2.947.767	2.217.911	668.025	27.636	34.195
Other payables	206.285	206.285	206.285	-	-	-
	4.584.007	4.597.367	2.492.063	1.866.061	205.048	34.195
Derivative financial instruments						
Derivative cash inflows	-	(3.110.242)	(3.110.242)	-	-	-
Derivative cash outflows	-	3.139.003	3.139.003	-	-	-
	30.009	28.761	28.761	-	-	-

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2019:

Contractual Maturities	Book Value	Total contractual cash outflows	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings and lease liabilities	803.473	807.117	396.538	358.731	51.848	-
Trade payables	2.076.669	2.077.212	1.644.545	417.841	14.826	-
Other payables	70.291	70.291	42.956	27.335	-	-
	2.950.433	2.954.620	2.084.039	803.907	66.674	-
Derivative financial instruments						
Derivative cash inflows	-	(1.456.468)	(1.456.468)	-	-	-
Derivative cash outflows	-	1.460.115	1.460.115	-	-	-
	2.661	3.647	3.647	-	-	-

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For the Period 1 January - 31 December 2020

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NOTE 29- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b.4) Foreign currency risk:**

The Company is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Company mainly prefers using foreign exchange forward contracts.

31 December 2020	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	8.918	244.192	10	2.265.130
2a. Monetary financial assets (including cash and cash equivalents)	3.274	20.868	-	212.010
2b. Non-monetary financial assets	-	-	-	-
3. Other	88.113	23.218	-	855.939
4. Current assets (1+2+3)	100.305	288.278	10	3.333.078
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	155	2.181	-	20.784
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	155	2.181	-	20.784
9. Total assets (4+8)	100.460	290.459	10	3.353.862
10. Trade payables	161.127	106.687	59	2.143.838
11. Financial liabilities	20.000	92.877	-	983.441
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	181.127	199.564	59	3.127.279
14. Trade payables	-	6.833	-	61.551
15. Financial liabilities	-	6.537	-	58.889
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	13.370	-	120.440
18. Total liabilities (13+17)	181.127	212.935	59	3.247.719
19. Off-balance sheet derivative instruments/net asset (liability) position (19a+19b)	248.201	(285.503)	-	(749.863)
19a. Hedged total assets	287.768	4.257	-	2.150.708
19b. Hedged total liabilities	(39.567)	(289.760)	-	(2.900.571)
20. Net foreign currency asset/(liability) position (9-18+19)	167.534	(207.979)	(49)	(643.720)
21. Net foreign currency monetary asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(80.822)	75.343	(49)	85.360
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(30.009)
23. Export	59.616	851.767	-	7.287.032
24. Import	295.017	148.673	5.215	3.274.444

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b.4) Foreign currency risk: (Cont'd)**

31 December 2019	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	12.086	170.908	-	1.208.434
2a. Monetary financial assets (including cash and cash equivalents)	142	17.555	47	117.642
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	6.302	-	41.912
4. Current assets (1+2+3)	12.228	194.765	47	1.367.988
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	304	4.038	-	28.661
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	304	4.038	-	28.661
9. Total assets (4+8)	12.532	198.803	47	1.396.649
10. Trade payables	150.059	100.787	1.812	1.563.486
11. Financial liabilities	-	82.089	-	545.940
12a. Other monetary liabilities	3.760	7.211	-	70.293
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	153.819	190.087	1.812	2.179.719
14. Trade payables	-	905	-	6.019
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	905	-	6.019
18. Total liabilities (13+17)	153.819	190.992	1.812	2.185.738
19. Off-balance sheet derivative instruments/net asset (liability) position (19a+19b)	67.283	(43.615)	-	109.609
19a. Hedged total assets	127.965	61.191	-	1.167.095
19b. Hedged total liabilities	(60.682)	(104.806)	-	(1.057.486)
20. Net foreign currency asset/(liability) position (9-18+19)	(74.004)	(35.804)	(1.765)	(679.480)
21. Net foreign currency monetary asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(141.591)	(2.529)	(1.765)	(859.662)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(2.661)
23. Export	69.357	841.762	-	5.747.833
24. Import	273.099	171.752	2.211	2.638.975

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**b.4) Foreign currency risk: (Cont'd)**

As of 31 December 2020 and 31 December 2019, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2020				
Appreciation of USD against TL by 10%				
USD net asset/liability	(59.327)	59.327	(59.327)	59.327
Secured portion from USD risk (-)	21.718	(21.718)	162.649	(162.649)
USD net effect	(37.609)	37.609	103.322	(103.322)
Appreciation of EUR against TL by 10%				
EUR net asset/liability	67.868	(67.868)	67.868	(67.868)
Secured portion from EUR risk (-)	(93.192)	93.192	(237.804)	237.804
EUR net effect	(25.324)	25.324	(169.936)	169.936
Appreciation of other currencies against TL by 10%				
Other currencies net asset/liability	(5)	5	(5)	5
Other currency net effect	(5)	5	(5)	5
Total	(62.938)	62.938	(66.619)	66.619

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.4) Foreign currency risk: (Cont'd)

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2019				
Appreciation of USD against TL by 10%				
USD net asset/liability	(84.108)	84.108	(84.108)	84.108
Secured portion from USD risk (-)	39.964	(39.964)	39.964	(39.964)
USD net effect	(44.144)	44.144	(44.144)	44.144
Appreciation of EUR against TL by 10%				
EUR net asset/liability	(1.682)	1.682	(1.682)	1.682
Secured portion from EUR risk (-)	(29.209)	29.209	(29.209)	29.209
EUR net effect	(30.891)	30.891	(30.891)	30.891
Appreciation of other currencies against TL by 10%				
Other currencies net asset/liability	(177)	177	(177)	177
Other currency net effect	(177)	177	(177)	177
Total	(75.212)	75.212	(75.212)	75.212

b.5) Interest rate risk:

The Company is exposed to interest rate risk as the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

	31 December 2020	31 December 2019
Financial instruments with fixed interest rates		
Time deposits	17.884	-
Financial liabilities	1.190.830	665.367
Financial instruments with variable interest rates		
Financial liabilities	250.164	138.106
Other liabilities	-	47.504

On 31 December 2020, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 100 basis points with all other variables held constant, income before taxes would have been TL 283 thousand (2019: TL 126 thousand) lower/higher as a result of interest expenses.

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NOTE 30 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

The Company classifies its financial assets into three categories: financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. Among Company's financial assets, cash and cash equivalents (note 4), trade receivables (notes 6 and 7) and other receivables (notes 6 and 8), are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Company's financial liabilities consist of financial liabilities (note 5) and trade payables (note 7) are measured at amortized cost using the effective interest method.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques do not contain observable market inputs

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NOTE 30 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy (Cont'd)

Fair value hierarchy tables as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets/(liabilities)				
Derivative financial assets/(liabilities)	-	(30.009)	-	(30.009)
31 December 2019				
Financial assets/(liabilities)				
Derivative financial assets/(liabilities)	-	(2.661)	-	(2.661)

NOTE 31- SUBSEQUENT EVENTS

None.

NOTE 32- OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS OR TO BE EXPLAINED FOR THE FINANCIAL STATEMENTS TO BE INTERPRETABLE AND EXPLAINABLE

The necessary actions were taken by the management to minimize the possible effects of the COVID-19 pandemic on the Company's activities and financial status, which occurred in China at the end of 2019 and influenced the whole world. In order to avoid disruptions in the production processes, the raw material procurement processes were similar to the pre-pandemic period, considering the condition of the countries where the raw material was supplied. Production was suspended for a week during the peak of the pandemic.

With the start of normalization process in the countries where the Company exports goods, the desired level of demand is reached and it has contributed positively to the Company's financial stability. While preparing the interim financial statements dated 31 December 2020, the Company re-evaluated the effects of the COVID-19 pandemic and the estimates and assumptions used in the financials. Impairments that may occur in Company's assets have been evaluated and no impairment has been identified.

NOTE 33- NOTES ON STATEMENT OF CASH FLOWS

As at 31 December 2020, cash flows from operating activities is TL 574.223 thousand (31 December 2019: TL 617.727 thousand), cash flows from investing activities is TL 958.714 thousand (31 December 2019: TL 135.306 thousand), cash flows from financing activities is TL 489.340 thousand (31 December 2019: TL 503.417 thousand).

NOTE 34- NOTES ON CHANGES IN EQUITY

As at 31 December 2020, equity attributable to owners of parent is TL 3.361.765 thousand (31 December 2019: TL 1.806.228 thousand).

INVESTOR INFORMATION

General Information

Reporting Period: 01.01.2020 - 31.12.2020

Legal Name: Vestel Beyaz Eşya Sanayi ve Ticaret AŞ

Trade Register No: Istanbul Trade Registry Office, No: 380814

Registered Capital Ceiling: None

Paid-in/Issued Capital: TL 190,000,000

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Branch 1: Manisa Branch

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Independent Auditor

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Financial Data and Company Announcements

Financial statements, auditor reports, annual reports and material event disclosures of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ are available on the Company's website at <http://vesbe.vestelinvestorrelations.com>.

Additionally, requests for information can be submitted to the Investor Relations Directorate of the Vestel Group of Companies via phone and e-mail.

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