

GLOBAL  
RESPONSIBLE  
PURCHASING POLICY

## **GLOBAL RESPONSIBLE PURCHASING POLICY**

### **INTRODUCTION**

Arçelik Hitachi Home Appliances (the “Company”) aims to ensure the satisfaction of its customers, to provide product and services at universal quality and standards by using limited natural resources efficiently, and to contribute to economic social development. By this means, it aims to be symbol of trust, continuity and respect for its customers, shareholders, employees, suppliers, dealers and authorized services - in short, all stakeholders - nationally and globally.

The Company is part of Arcelik A.S. Group, which has signed the United Nations Global Compact. This convention consists of 10 principles determined on human rights, labour, environment and anti-corruption matters. Arçelik Hitachi as the main shareholder of the Company is also among the first companies signing the Code of Conduct published by the Home Appliance Europe (APPLiA).

With this Policy, the Company, commits that its suppliers act in accordance with International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, United Nations Universal Declaration of Human Rights, United Nations Global Compact and United Nations Guiding Principles on Business and Human Rights.

In line with its strong values, transparent policies and standards the Company always expects from its employees and business partners to act in accordance with high ethical values and compliant with all relevant laws and regulations in the countries they operate. This Policy sets out the ethical and legal standards which all the Company’s suppliers<sup>1</sup> must comply with in all business practices.

It is a contractual obligation for the suppliers to accept and comply with this Policy within the scope of the Company’s Purchase Contract, which is signed between the Company and its suppliers. In case of violation of this Policy, the Company reserves the right to terminate the purchase contract.

### **2. PURPOSE, SCOPE AND BASES**

This Policy is designed to ensure that suppliers’ business practices are aligned with the Company’s values, applicable laws and regulations and must be complied with by all suppliers.

Candidates who want to be the supplier of the Company are subject to the “Supplier Commissioning/Evaluation ”process. Under this process, suppliers are evaluated in a manner to cover many steps, including the Company. Responsible Purchasing Policy perspective. If Arçelik Hitachi deems it necessary, it has the right to audit its supplier on-site or have it audited by independent auditing companies within the scope of this Policy.

<sup>1</sup> **Arçelik Hitachi Home Appliances’s** suppliers will be referred to as supplier.

The program of this Policy has three operational pillars:

- **Prevention** - supplier works to embed a culture of integrity at all levels, in all countries where it has operations.
- **Detection** - Supplier employees are encouraged to speak up and give voice to the Company values
- **Response** - The Company has the necessary infrastructure to duly investigate violations. if necessary the Company sanctions confirmed breaches with a standard and uniform approach, and uses what is learnt to continually improve.

The Company conducts all operations with honesty, and with respect for human rights and by protecting the interests of its employees and expects from its all suppliers to adopt these rules and act in accordance with these rules.

This Policy, in addition to establishing a standard of conduct, includes rules on fighting against corruption, ensures that suppliers' employees work in esteemed working environments, sets forth standards for the protection of information and data, and guides the Company suppliers for the behaviour model it expects from them to be adopted in their external relations.

The Company Responsible Purchasing Policy may not respond to every specific question and problem. If specific situations are not expressly covered, the purpose of this Policy must be upheld by exercising common sense and good judgement in light of the objective criteria.

### **3. SUPPLIERS - BUSINESS PRACTICE**

#### **3.1 Compliance with the Law**

The Supplier, must comply with the relevant laws and regulations (processing and protection of personal data, fighting against corruption, competition, environment, occupational health and safety, intellectual property rights etc.) and with the scope of the contract arrangements established under the scope of current contractual relationship.

Suppliers must act in compliance with the applicable labor law of the countries they operate regarding working hours and rights of annual leave. Wages paid to supplier employees, overtime and wage-based rights must comply with the applicable labor laws of the countries in which they operate.

#### **3.2 Employees**

Suppliers respect and accept ethnic and cultural diversities and take measures to protect and promote diversities and commit to create working environments where there is equal opportunity, mutual trust, respect for human rights without discrimination.

Suppliers recruit their employees only based on their qualifications and abilities and put necessary effort for their development. Any form of forced, compulsory, trafficked or child labour incompliant with relevant legislation at suppliers are never tolerated. Suppliers take necessary measures for the health, safety and security of their employees. Zero tolerance is shown towards the violation of supplier employees' privacy in any form of physical, sexual, psychological and/or emotional harassment in the workplace or anywhere they present due to work.

Suppliers respect their employees' right to unionization and their decision to become a union member, their right to organize and collective bargaining in accordance with the law.

### **3.3 Human Rights**

Suppliers protect and respect the human rights, human dignity and privacy of the communities they influence through their business activities.

Suppliers also ensure that they will carry out their all commercial activities without resorting to violence or abuse, that they will refrain from, and will not allow, being involved in any crime in relation to human rights violations.

Suppliers are expected to act in accordance with the United Nations Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and requirements of the international conventions of the country in which they operate.

### **3.4. Business Partners**

Establishing mutually beneficial relationships with all business partners is the principle of the Company. The Company expects from all business partners to act in line with its own values in business dealings and accordingly also expects from its suppliers to adopt appropriate professional understanding with their business partners.

In line with the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”, suppliers providing the Company with components that contain tin, tantalum, tungsten, and gold metals, which are considered as conflict minerals:

- Must ensure that they procure only from conflict-free sources.
- Must communicate this requirement to the supply chain to ensure proper supply,
- Must comply with the Company Conflict Minerals Policy.

### **3.5 Environmental Regulations and Protection**

The Company is aware of its social responsibility to protect the environment and expects from its suppliers to undertake to establish environmental management systems, to improve it continuously and to protect the environment in accordance with the relevant national and international legal legislations and regulations in order to enhance their environmental performance in line with the principles of sustainable development and circular economy. While the Company operates in line with the principles of prioritizing the sustainability approach and fighting the climate crisis, it expects from its suppliers to take the Company Environmental Policy as a reference and become a partner in this commitment.

As part of this commitment, all the Company’s suppliers, without limitation, must:

- Ensure the efficient use of natural resources in all processes,
- Manage their processes in line with the circular economy approach,
- Ensure that environmental effects and risks are prevented at source in their all processes throughout the life cycle,
- Consider the principles of transition to a low-carbon economy in their investments and machine-equipment choices,
- Reduce waste and wastewater generation, greenhouse gas emissions, chemical use and all other environmental effects by reuse, recycling or substitution processes in the product, production, transportation, storage and all other operations,
- Ensure that its wastes are collected separately by separate classification according to their types at source, and recycled in accordance with the relevant legal arrangements,

- Ensure in their all activities that compatibility requirements of environmental legal legislations are met,
- Keep all environmental permits, licenses and all documents up-to-date and follow their compliance with legal arrangements,
- Identify chemicals that pose a threat to the environment and manage them appropriately to ensure the safe processing, labelling, transportation, storage, use, reuse, recycle or disposal of the chemicals,
- Adhere to all applicable laws, regulations and customer requirements regarding the prohibition or restriction of certain substances, including labels containing information on recycling and disposal,
- Adhere to all applicable laws, regulations, customer requirements and the Company procedures regarding the prohibition or restriction of hazardous chemicals that can be used in materials, parts, components of products,
- Send environmental compliance information, document and reports the Company in accordance with this specification.

### **3.6 Competition Law**

We, as the Company encourage fair competition and support the development of competition law while carrying our activities. In this context, all of our suppliers must act in accordance with the competition law. Otherwise, a violation of Competition Law may result in extremely severe sanctions being imposed against both companies and employees.

While the Company suppliers strongly protect their own legal interests, they act in full cooperation with the competition authorities.

### **3.7 Fighting Against Bribery and Corruption**

Suppliers do not engage in any inappropriate conduct, such as receiving or giving bribes or other improper advantages for business and financial gain. No supplier employee may offer, give or receive a gift or payment that may possibly be perceived as a bribe. Corruption, embezzlement, any kind of facilitation payments or bribery, regardless of their type or manner of occurrence, have no place in business practices of the Company's suppliers. All accounting records and supporting documents of the suppliers must accurately and clearly describe and reflect the nature of underlying transactions. There should be no undisclosed, or unrecorded accounts, fund or assets established or maintained in the financial systems of the suppliers.

### **3.8 Management of Conflicts of Interest**

Supplier employees must avoid situations where their personal interests' conflict with the interests of the suppliers for which they work. Suppliers and their employees take necessary measures to ensure that their relationships with the Company do not conflict with their personal interests and the responsibilities of the supplier to the Company within the rules specified by the Company.

### **3.9 Gifts and Entertainment**

Under certain circumstances exchanging gifts and hospitality are acceptable to increase the strength or maintain business relationships among business associates.

Suppliers must not receive or give any gifts that would constitute incompatibility with the law other than commercial tradition and promotional materials and must avoid hospitality activities that go beyond its purpose.

### **3.10 Trade Restrictions**

Some countries where our suppliers operate may have restrictions on some other countries, companies or people. Suppliers follow laws on trade restrictions, export controls, embargo, boycott, anti-corruption and customs laws regarding their activities when necessary, and commits to act in compliance with such laws and regulations.

Suppliers are aware that if these restrictions are violated, extremely serious consequences may arise such as monetary fines, cancellation of export licenses and possibility of imprisonment.

### **3.11 Protection of Information**

All kinds of information, which are not publicly available or are not made publicly available by the Company considered confidential including, but not limited to technical, operational, financial information. Confidential information is protected by the Company policies and applicable laws in countries we operate. Our suppliers strictly adhere to company policies and procedures to protect confidential information and do not share confidential information with third parties.

Suppliers must create, record and retain all business-related information accurately and in full compliance with requirements of applicable laws. They also processes the personal information of its employees, business partners and customers in order to improve company processes and activities to the extent permitted by legislation. They do not share this personal data with third parties without the consent of the data owners.

### **3.12 Intellectual Property Rights**

The Company does not give license, patent, industrial design or copyrights to its suppliers. The related suppliers are obliged to pay all costs, losses and additional costs including penalties of the parties (the Company, other suppliers and consumers) if the damage is supplierrooted due to intellectual and industrial rights violations.

### **3.13 Occupational Health and Safety**

The expectations of the Company regarding Occupational Health and Safety (OHS) from its suppliers are as follows;

- To comply with legal arrangements and requirements determined by the Company,
- To determine the organization, roles and responsibilities and share them with their employees,
- To make, or to make sure risk assessments are made by OHS expert, and to prevent possible work-related accidents and occupational diseases by taking necessary precautions,

- To ensure making control, measurement, examination and research for identification of risks,
- To provide resources, tools and equipment for the works, and to have periodic maintenance and control,
- To establish safe and healthy work place for employees, trainees, visitors and special risk groups, and to ensure that they are kept under health surveillance,
- To have the necessary measurements, tests and analyses done in the work place,
- To increase OHS awareness of the employees by training and informing practices in accordance with the legislation,
- To take opinions and suggestions of the employees and support their participation,
- To continuously carry out studies for preparation of emergency situations and response actions,
- To monitor and audit whether OHS measures are followed or not, and to ensure that nonconformities are eliminated.

#### 4. IMPLEMENTATION PRINCIPLES

In the audits conducted to the Company suppliers, their compliance with the rules in this Policy is questioned, non-conformities are expected to be improved by initiating corrective and preventive actions, and improvements are checked by follow-up audits.

The Company may request removal of an employee of any of its suppliers, who acts against the relevant laws and regulations or who violates these rules or may terminate the contract with the relevant supplier.

The Company encourages and expects supplier employees to report any incompliant actions to this Policy. The following reporting channels can be used to report suspicious behaviour contrary to this Policy or violation of the rules in this Policy.

**Web:** [www.ethicsline.net](http://www.ethicsline.net)

#### Telephone:

Bangladesh	09610-998483	South Africa	0-800-995-840	Romania	0800 360146	Thailand	085-980-2086
China	400-120-8539	Pakistan	00800-90-033-040	Russia	8-800-301-37-64	Turkey	0850 281 61 18

The Company ensures that all investigations will be handled with absolute confidentiality and whistle-blowers will be protected. The Company will protect the confidentiality of the individual who has reported suspicious behaviour of the supplier incompliant to this Policy or possible violation of business ethics and will not tolerate any retaliation against that individual.

If this Policy is revised by the Company suppliers undertake to accept the revised Policy and commits to adapt Global Code of Conduct and related Code Policies and comply with the principles specified herein.

## References

Arcelik Hitachi Home Appliances Compliance Specifications  
Arcelik Hitachi Home Appliances Code of Conduct  
Arcelik Hitachi Home Appliances Policies  
International Labor Organization (ILO) Conventions  
Declaration on Fundamental Principles and Rights at Work  
ISO14001  
ISO45001  
OECD Guidelines for Multinational Enterprises  
OECD Due Diligence Guidance (Guidance for Responsible Supply  
Chains of Minerals from Conflict-Affected and High-Risk Areas)  
SA8000  
United Nations Global Compact  
United Nations Guiding Principles on Business and Human Rights  
United Nations Universal Declaration of Human Rights

- **Version Date: 01.07.2021**