

GLOBAL COMPLIANCE POLICIES

Arcelik

HITACHI
Home Appliances

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GLOBAL CODE OF CONDUCT

GLOBAL CODE OF CONDUCT

“Honesty, integrity, and superior business ethics are the foundations of our business conduct. We conduct our business based on good intentions, mutual benefit, and fair treatment in all our relationships. We are committed to conforming at all times to the highest ethical and legal standards.”

Vehbi Koç

As indicated by our founder Vehbi Koç, we have strong values, clear policies and standards to ensure our employees and stakeholders always act in high ethical standards.

We designed Global Code of Conduct and related Code Policies to implement the high ethical standards into corporate governance framework to ensure that how we do business is aligned with our values and applicable laws and regulations in countries we operate as directed by Vehbi Koç.

Our Global Code of Conduct framework has three operational pillars:

- Prevention – we work to embed a culture of integrity at all levels, in all geographies
- Detection – we encourage employees to speak up and give voice to our values
- Response – We have the tools to investigate and if necessary, sanction confirmed breaches with a standard and uniform approach, and use what we learn to continually improve.

We conduct our operations with honesty and with respect for the human rights and interests of our employees. All our employees and Business Partners are expected to adopt these rules, act in line with them. Our leaders are responsible from setting examples with their attitudes by leading our employees and making business decisions in accordance with the Global Code of Conduct and related Code Policies.

Our Global Code of Conduct and related Code Policies aim to establish our standard of conduct, fight with corruption, ensure our people are respected and information is safeguarded and set the standards for external engagements.

However, Global Code of Conduct and Code Policies cannot cover every eventuality, particularly as laws differ between countries. If specific situations are not expressly covered, the spirit of the Code of Conduct and Code Policies must be upheld by exercising common sense and good judgement in light of the objective criteria.

Our Way of Doing Business

Compliance with the Law

We recognize the compliance with all relevant laws and regulations as the minimum standard globally.

Employees

We are committed to a working environment that promotes diversity and equal opportunity, equal pay for equal work where there is mutual trust, respect for human rights without discrimination. We are committed to safe and healthy working conditions for all employees. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities. We put the necessary effort into our employees' personal developments. We will not use any form of forced, compulsory, trafficked or child labour. We respect our employees' freedom to organize as a union and their right of joining trade unions.

Consumers

We adopt an understanding towards all our consumers that is satisfaction-oriented, addressing their needs and expectations in a correct manner within the shortest time possible. We treat our customers respectfully, equally and in line with the rules of courtesy. We take complaints from our customers seriously and provide solutions thereto.

Our products will be accurately and properly labelled, advertised and communicated in accordance with the relevant regulations. All marketing activities (brand names, consumer planning, market research, trade advertising, sales materials in all forms included) must:

- Describe the performance of our products truthfully, accurately and transparently,
- Ensures there is sufficient information for our consumers, so they fully understand how to use our products and technological implications of the product,
- Guarantee that our advertisement activities are not offensive and do not use religious, ethnic, cultural, sexual orientation, gender, age, disability or minority group discrimination,
- Not advertise in any media known for promoting violence, pornography or insulting behaviour.

Shareholders

We aim to protect the interests of all our shareholders. We are committed to creating business models that will increase our competitive capacity and our growth potential. We will conduct our operations in accordance with internationally accepted principles of good corporate governance.

Business Partners

We are committed to establish mutually beneficial relations with our business partners including suppliers, distributors, dealers, authorized service providers, agents and consultants. In our business dealings, we expect our business partners to act in line with our values.

All accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

(See also [Global Anti Bribery And Corruption Policy](#))

Conflict of Interests

We expect all employees and business partners to stay away from actual and potential conflicts of interest and not to engage in any business relationship that or potentially conflicts with the interests of our company, such as personal and financial interests or off-company activities.

(See also [Global Gift And Hospitality Policy](#))

Trade Restrictions

Some of the countries in which we operate impose restrictions on some countries, companies or people and there is the risk of serious sanctions such as monetary fines, cancellation of export licenses and possibility of imprisonment in case of non-compliance with these restrictions. Therefore, we follow trade restrictions, export controls, boycott, embargo, and corruption and customs laws closely and act in compliance with such applicable laws and regulations.

(See also [Global Anti-Money Laundering Policy](#))

Safeguarding Information

Confidential information is protected by our company policies and applicable laws in countries we operate. We strictly adhere to company policies and procedures to protect confidential information and do not share confidential information with third parties.

(See also [Global Protecting And Retaining Information Policy](#))

As Arcelik Hitachi Home Appliances, we use personal information of our employees and Business Partners and consumers to improve the activities and processes of our company to the extent permitted by statutory regulations. We do not share this information with third parties without the consent of the individuals or in a way that violate local laws.

(See also [Global Data Privacy Policy CO](#))

Monitoring and Reporting

Compliance with these principles is an essential element in our business success. Day-to-day responsibility is delegated to all senior management of the operating companies. They are responsible for implementing these principles, supported by Ethics Committees. Any breaches of the Global Code of Conduct and/or related Code Policies must be reported. Any violation of this policy will result in disciplinary action, up to and including termination of employment. Arcelik Hitachi Home Appliances Board of Directors will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies.

(See also [Global Code Of Conduct Operations Policy](#))

Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

(See also [Global Whistleblowing Policy](#))

Version Date: 1.07.2021

GLOBAL CODE OF
CONDUCT
OPERATIONS POLICY

GLOBAL CODE OF CONDUCT OPERATIONS POLICY

1. CEO PRINCIPLE

As Code of Conduct requirements relate to the entire global Arcelik Hitachi Home Appliances (the “Company”) business, day-to-day accountability for Code of Conduct rests with the head of each respective geographical operation and covers all business and functional activities within that geography, the CEO carries the ultimate responsibility and accountability of the Global Code of Conduct and Related Policies.

This ‘CEO Principle’ applies to the Code of Conduct framework; senior management of all categories, functions and operating companies must fully support such efforts.

2. ARCELIK HITACHI ETHICS COMMITTEE

Arcelik Hitachi Ethics Committee is a council consisting of CEO (Chair), CFO, Legal and Compliance Manager, HR Director, and relevant executive managers.

a. Duties of Arcelik Hitachi Ethics Committee

The duties of Arcelik Hitachi Ethics Committee are;

- Arcelik Hitachi Ethics Committee is responsible from handling all issues that take place in Thailand, China, Hong Kong, Taiwan, Singapore, Malaysia, Indonesia, UAE, Vietnam including the ones related to the subsidiaries in and handling all issues that are related with the top managers of the international subsidiaries.
- Constituting an ethics culture globally,
- Creating mechanisms regarding ethics and compliance,
- Rendering ethics and compliance management as one of the essential elements of the Company globally,
- Strategically directing the Company’s long-term compliance efforts.
Global Code of Conduct Compliance Program is both managed and overseen by Arcelik Hitachi Ethics Committee in all aspects.

Arcelik Hitachi Ethics Committee;

- Follow ups and inspects the activities, processes and transactions of Company with an ethical point of view.
- Enables to measure the performance of ethics and compliance actions within the Company
- Ensures that proper and timely investigations of the alleged violations of Code of Conduct and related Code Policies.
- Protects whistleblowers¹.
- Reviews written policies and procedures of the Company regarding ethics and compliance, makes contributions when necessary and updates on time.

¹ Please refer to the Global Whistleblowing Policy.

- Involves in the training and education of ethical cohesion and management of relevant employees and governance bodies.
- In the case that it is faced with an ethical issue which is not covered by national or international regulations, it establishes rules or principles regarding the subject.

b. Meetings

Arcelik Hitachi Ethics Committee meets at least four times each fiscal year, at least once in everyquarter. Meetings may not be shorter than an hour.

In the case that a high-risk situation occurs, it is expected to come together instantaneously.

Legal & Compliance Manager is responsible from all meeting operations as the secretary of the Committee, he/ she does not have voting right. An agenda and any relevant pre-read material is circulated prior to the meeting. The meetings are minuted as strictly confidential.

A majority of Committee members is required for a quorum and to take any decisions.

c. Reporting

Legal and Compliance Manager quarterly reports, the monthly notifications received to Global Compliance & Data Privacy Manager, and immediately reports the notifications categorized as high risk to the board.

d. Confidentiality

The members of the Arcelik Hitachi Ethics Committee and all other individuals who have attended the meetings of Arcelik Hitachi Committee may not disclose the information included in the reports, the contents of discussions or confidential information regarding the Company.

This confidentiality requirement continues to be valid after their activity ends and beyond the term of Arcelik Hitachi Ethics Committee. The members of Arcelik Hitachi Ethics Committee shall ensure that any employee assigned to support them likewise comply with these confidentiality requirements.

3. LOCAL ETHICS COMMITTEES

Arcelik Hitachi Ethics Committee will decide the jurisdictions of the Local Ethics Committees. Global Compliance & Data Privacy Manager and respective Compliance Officers will ensure that the decision will be executed and it will be formed in a timely manner. Once a Local Ethics Committee is formed, it will adopt all the principles listed under the 2nd section of this Policy.

Respective Compliance Officer, who is responsible from a given Local Ethics Committee, will periodically share all relevant documents -in English- of their Committees with the Global Compliance Manager.

Local Committees may not handle issues related to their top managers. Such issues will be handled by Arcelik Hitachi Ethics Committee.

4. COMPLIANCE OFFICER

Each Compliance Officer must have the authority and seniority to credibly perform their role. All members of the committees, both Global and Local, will respect the independence of the role and support Officers when they conduct their duties. Independence provided to the Compliance Officers includes freedom on investigative steps with guidance from Ethics Committees.

Responsibilities of Compliance Officers are as follows:

- Ensuring independent risk assessment and delegating the relevant Ethics Committee the subject received by the whistleblowing process or shown up through ordinary risk assessment process within a maximum of 6 workdays,
- Making suggestions for remediation and improving business processes in line with the Global Code of Conduct and related Code Policies.
- Defining high risks and immediately escalating the issues. Direct escalation process for Global Compliance & Data Privacy Manager is to Legal and Compliance Manager, for Compliance Officers is to Global Compliance & Data Privacy Manager.
- Deciding on the actions to be taken with the guidance of the Ethics Committee and providing necessary actions to be taken within 60 days and concluding.
- Periodically evaluating the policies of the company in case of any amendment in processes by considering the national and international practices and requesting related Compliance Officer to follow up the issue.
- Export / Import Control: Compliance Officer(s) must ensure that new business partners are not involved in the list of parties subject to national or international sanctions and / or embargoed countries before setting up the relationship and during.

5. GENERAL PRINCIPLES OF INVESTIGATIONS AND PENALTIES

a. Proportionality & Transparency

An employee can be punished, only, in direct proportion to the breach he/she committed. In the implementation of the penalty, aggravating and mitigating factors² must be taken into consideration.

b. Confidentiality

It is essential that all investigations are carried out in strict confidentiality. Supervisors and investigators who carry out the investigations are obligated to protect the integrity of the whole process and take necessary actions, if they identify individuals who are violating the privacy of investigations. Such a breach of confidentiality will constitute a sanctionable offense under the Global Code of Conduct framework.

c. Preventing Double Jeopardy

An employee cannot be punished more than once because of the same offense. If the same action is repeated it must be taken into consideration as an aggravating factor.

² Please refer to Annex1

d. Equality & Consistency

Different penalties cannot be imposed among employees, who perform the same action as substantiated Global Code of Conduct and related Code Policies breaches. The only differentiation that may take place based on the specific facts of the given incident by applying mitigating and aggravating factors.

The penalties defined in this Policy solely relate to substantiated breaches of the Global Code of Conduct and related Code Policies. They are independent of any performance-related, business evaluations.

6. PENALTIES

Acting against the Global Code of Conduct and related Code Policies may lead to termination of the employment contract. When such a breach determined investigated and substantiated; nature of the event incurred and repetitiveness of the behavior will be considered as aggravating or mitigating factors.

Consequences of a substantiated breach are given below:

- a. Further education and/or coaching,
- b. Verbal Warning documented and placed in the employee's (HR) file,
- c. Written Warning placed in employee's (HR) file,
- d. Written Warning and appropriate financial consequence as legally possible; downgrade in performance rating for the year, and calculation of the premiums accordingly,
- e. Termination of employment
- f. Termination of employment and legal action against the employee(s) who breached the Code of Conduct.

Any employee who is sanctioned in accordance with this Policy may not receive a promotion and transfer request for another position. In other words, such sanction freezes all HR procedures for the individual for the given year.

Termination is the default sanction for the substantiated Global Code of Conduct framework violations. The decision to apply a more severe or more lenient sanction must be supported by evidence of relevant mitigating and aggravating factors as set out in the Appendix I and documented accordingly.

7. INVESTIGATION AND DECISION-MAKING PROCESS

Once an allegation is received it should immediately be reviewed and an initial analysis of the allegations conducted by the relevant Compliance Officer. Where appropriate Compliance Officer should consult the Global Compliance Manager to determine whether an investigation is required and, if so, who should be part of the investigation team.

All investigations of a suspected Code of Conduct breaches are lead, overseen by a Compliance Officer. Investigations may be handled by the Compliance Officers, Internal Audit Department or can be handled by receiving external forensic investigation services.

In instances where the person(s) raising a complaint and person(s) alleged to have breached the Code of Conduct are based in different locations, the default approach is that the Compliance Officer and Ethics Committee from the geography where the person(s) alleged to have breached the Code of Conduct is based lead the investigation.

Where a Global Code of Conduct allegation concerns a top manager, Legal and Compliance Manager himself/herself oversees the investigation. Local Ethics Committees may not handle cases related to their own top managers.

The Compliance Officer(s) must submit to the relevant Ethics Committee an investigation report that clearly links relevant allegation(s) to the specific requirements of the Code of Conduct, summarizing the evidence, findings and recommended penalties.

The Committee then determines individual penalties. In determining whether an employee breached the Code of Conduct, the Committee should decide, with support from the Compliance Officer in weighing up the evidence, whether it is more likely than not that a breach occurred. In all circumstances where it agrees that a Code of Conduct breach is substantiated, the Committee determines the appropriateness of the penalty recommended by the Compliance Officer.

When deciding on a penalty the Committee should consider individual circumstances and related aggravating and mitigating factors. While there is always an element of judgement involved, this must be applied in good faith to ensure a transparent, suitably objective, consistent and fair approach to determining sanctions.

Line managers who are members of the Committee may take part in the case review and decision-making process relating to members of their team. Any Committee member may however step out of proceedings where it is agreed their participation may adversely affect these (e.g. because of a conflict of interest).

Under no circumstances are the following elements to be considered in determining the appropriate sanction:

- a. the overall high or low performance of an individual employee;
- b. the fact that an employee is a member or representative of a union.

8. DISCIPLINARY COMMITTEES

The Disciplinary Committees that are established due to the collective employment contracts and/or local legal requirements are responsible for ensuring that the disciplinary actions are taken in accordance with local regulations, laws and collective labor agreements. When/if there are issues that are also violating the Global Code of Conduct and related Code Policies handled by the local Disciplinary Committees, Compliance Officers must be informed about such issues to ensure consistency and transparency.

Since Compliance Officers are employees of the Company appointed by the Legal and Compliance Manager of the Company. as being responsible for monitoring the Company's operations pertaining to this Policy, related Compliance Officers should be informed about the decisions of the Disciplinary Committee at all times.

9. LOCAL LEGAL REQUIREMENTS

This Policy will be applied considering local legal requirements that may require deviations. If such a deviation occurs, it must be fully explained in the investigation report.

10. AUTHORITY AND RESPONSIBILITIES

This Policy is published by the Company's Legal and Compliance Department, and the Company is responsible for ensuring the compliance with the Policy by all its employees.

Compliance Officers are employees of the Company appointed by the Legal and Compliance Manager of the Company as being responsible for monitoring the Company's operations pertaining to this Policy.

This Policy will be periodically reviewed by the assigned Legal and Compliance Department to ensure compliance with new or revised laws and regulations.

ANNEX1 -

Elements to Consider	Mitigating Factors	Aggravating Factors
Intention and Planning	<ul style="list-style-type: none"> • No intention to commit breach • Action reflects a spontaneous oversight or mistake • Coercion by management to act in violation of the Code of Conduct • Sought advice of guidance but this was not provided, unclear or wrong 	<ul style="list-style-type: none"> • Clear intent: wilful and deliberate • Action was planned • Coercion of others to act in violation of the Code of Conduct • Retaliatory threats against others for raising any concerns • Ignored advice provided
Employment status and awareness of the Code	<ul style="list-style-type: none"> • New to company [<6 months] • Junior role with no authority • Long-serving employee with a strong record of integrity 	<ul style="list-style-type: none"> • Manager or above with leadership responsibilities • Prior mandated Code of Conduct education was provided but not taken or intentionally ignored • Not the first breach
Conduct and co-operation	<ul style="list-style-type: none"> • Voluntarily reported the violation • Co-operated fully with investigation • Acknowledged personal failures: high degree of contrition • First offence under the Code of Conduct 	<ul style="list-style-type: none"> • Denial of issues • Attempts to obstruct investigation • No acknowledgement of any personal failures or contrition • Poses a continued risk of harm to the Company or its employee(s)

Impact	<ul style="list-style-type: none"> • No financial loss to the Company • No other adverse consequences to the Company, its employees or third parties 	<ul style="list-style-type: none"> • Material financial impact • Personal gain • Adverse consequence to the Company its employees or third parties including exposure to external investigation
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Version Date: 01.07.2021

The report channels are

legal@arcelik-hitachi.com

Region	Ethics Hotline Number
Indonesia	0800-1401938
Malaysia	1-800-8-14726
Singapore	8004922577
Taiwan	00801-49-1238
United Arab Emirates	8000321155
Vietnam	1203-2429
China & Hong Kong	400-120-0530
Thailand	1800-014-535

GLOBAL WHISTLEBLOWING POLICY

GLOBAL WHISTLEBLOWING POLICY

1. GENERAL PRINCIPLES

Arcelik Hitachi Home Appliances (the “Company”) is committed to sustain the highest possible ethical standards and legal conduct within the Company’s business operations. In order to maximize and maintain the Company’s ability to effectively manage the reporting mechanism, any employee who believes reasonably that a potential breach of Global Code of Conduct and related Code Policies exists in the work place, then he or she should report this issue immediately to the ethics hotline.

The whistleblowing mechanism can be used covering possible improprieties to unethical acts such as;

- Breach of Global Code of Conduct and related Code Policies,
- Unlawful acts or orders requiring violations of a law, mismanagement, abuse of the current job position, significant hazards to public health or safety,
- Failures to comply with statutory obligations in countries that the Company operations,
- Any other activity which subverts the Company’s operations.

2. PRINCIPLES

a. Definition of Whistle-blower

A whistle-blower is anyone who communicates an allegation or any other information indicating that acts which are incompliant to the Global Code of Conduct and related Code Policies.

b. Protection of the Whistle-blowers

The harassment or victimization of anyone raising a concern is not tolerated and individuals making a disclosure will retain their anonymity unless they agree otherwise. The Company will not try to discover the identity of the anonymous whistle-blowers.

Allegations and concerns notified anonymously shall be considered by Compliance Officers fairly and properly in accordance with the Global Code of Conduct and related Code Policies.

Whistle-blower's identity protected by the Compliance Officers unless;

- The whistle-blower agrees to be identified,
- Identification is essential to allow the appropriate law enforcement officials to investigate the issue or answer the disclosure efficiently,
- Identification is needed by law.

Compliance Officers are authorized to protect the identity of the whistle-blowers even from the Ethics Committee members if such protection is requested.

We are fully committed to protect whistle-blowers and there will be zero tolerance towards to the acts aimed to put whistle-blowers in unfavourable positions by any act or omission regarding the whistleblowing, in particularly in relation to:

- employment procedure;
- education, training, or professional development;
- promotion at work, evaluation, acquiring or loss of the title;
- disciplinary measures and penalties;
- working conditions;
- termination of employment;
- earnings, compensation of earnings;
- payment of the bonuses and of the retirement gratuity;
- disposition or transfer to the other work assignments;
- failure to take measures to protect because of the harassment by other persons;
- a referral to the mandatory medical examination or referral to the examination to assess the work ability.

c. Reporting Channels

Allegations or concerns can be reported through the Ethics Hotline, which is administered by an independent, third-party provider with confidentiality. Ethics Hotline service providers informs only -related Compliance Officers to enable proper handling of the concern.

When reporting via the Ethics Hotline, whether via the Web or the Phone, the informant may;

- Want not to share his/her name and contact information to remain anonymous,
- Share his/her name and contact information with the service provider and allow the information to be communicated to the Company. In this case, the Company can contact the informant directly to request any information needed during the investigation.
- Want to share his/her name and contact information only with the service provider, but not to share with the Company. In this case, the Company can contact the service provider to request additional information when needed.

The reporting channels are webtool (www.ethicsline.net) and telephone numbers specifically assigned to production countries.

3. PROPER USAGE OF THE ETHICS HOTLINE

It should be noted that the Ethics Hotline is not an Emergency Service. It must not be used to report events presenting an immediate threat to life or property. Reports submitted through this service may not receive an immediate response. If emergency assistance is required, local authorities and Company representatives must be contacted.

4. AUTHORITY AND RESPONSIBILITIES

This policy is published by the Company's Legal and Compliance Department, and the Company is responsible for ensuring the compliance with the Policy by all its employees. Any violation of this Policy will result in disciplinary action, up to and including termination of employment.

Compliance Officers are employees of the Company appointed by the Legal and Compliance Manager as being responsible for monitoring the Company's operations pertaining to this Policy.

This Policy will be periodically reviewed by the Company's Legal and Compliance Department to ensure compliance with new or revised laws and regulations.

Version Date: 01.07.2021

The report channels are

legal@arcelik-hitachi.com

Region	Ethics Hotline Number
Indonesia	0800-1401938
Malaysia	1-800-8-14726
Singapore	8004922577
Taiwan	00801-49-1238
United Arab Emirates	8000321155
Vietnam	1203-2429
China & Hong Kong	400-120-0530
Thailand	1800-014-535

GLOBAL ANTI BRIBERY AND CORRUPTION POLICY

GLOBAL ANTI BRIBERY AND CORRUPTION POLICY

Through this Policy, Arcelik Hitachi Home Appliances (the “Company”) aims to declare its commitment to prohibiting bribery and corruption and to be in compliance with applicable anti-bribery laws and guiding for identifying and avoiding potential bribery and corruption actions to preserve its integrity and reputation.

1. DEFINITIONS

Bribery: A propose to give or receive “anything of value” with the aim to corruptly influence or obtain improper advantage over a business transaction or relationship.

a. Improper advantage is an advantage to which the Company and/or its business partners are not explicitly entitled.

b. Corruptly influence means providing an offer, payment, or promise with the aim of impacting others to take advantage of their official position for the Company’s or one of the Company’s business partner’s benefit.

Business Courtesy: A Business Courtesy is any kind of gift or hospitality (meal, travel or hospitality) provided for a business purpose or associated with a business event.

Charitable Contributions: Voluntary contributions to any organization, either in kind or in cash without expecting any benefit.

Facilitation Payment: In order to expedite a routine service it is an unofficial, improper, small payment made to secure or accelerate the legitimate operation of the paying party.

Sponsorship: Any action which is to make any cash or non-cash payment for the activities that are organized by an individual, professional organization or entity with an expectation that it will provide benefit for the Company.

Government/Public Official: It is broadly defined to involve a variety of individuals, including but not limited to the followings:

- Employees working at government bodies (such as public officials, policemen)
- Employees of government business enterprises
- Employees of political parties, political candidates
- Any person who is at a legislative, administrative or judicial position in a foreign country
- Any person who fulfils a public service for a foreign country
- Judges, jury members or other officials who work at international or supranational courts or foreign state courts;
- Members of the international or supranational parliaments; individuals who carry out a public duty for a foreign country, including public institutions or public enterprises;
- A citizen or foreign arbitrators who have been entrusted with a task within the arbitration procedure resorted to in order to resolve a legal dispute;
- Officials or representatives working at international or supranational organizations that have been established based on an international agreement.

Forms of Value: Forms of value that can be used to facilitate a Bribe, including but not limited to the following examples:

- Gifts, Hospitality¹
- Hiring Family Members of Government Officials – Many laws and regulations related to bribery or corruption may perceive hiring of a family member of a Government Official as bribery when the hiring corruptly effects, or appears to corruptly effect, a Government Official.
- Donation - must be reluctantly provided without intention to affect any business decision or any expectation of future compensation of the part of the recipient.
- Sponsorship –Sponsorship may be a type of value that could be transferred to get an improper benefit.
- Other Types of Value –Tickets for sports activities, rebates, samples, free goods, and other trade and merchandising programs.

2. GENERAL PRINCIPLES

The Company, which is affiliated with Koç Holding A.Ş., is a signatory party to the UN Global Compact, by which it is aimed to work against corruption and bribery all over the world. Within this view, the Company does not permit or accept the bribery in any form. Independent from local practices or regulations, the Company does not tolerate any kind of bribes, corrupt payments, facilitation payments, or inappropriate gifts and entertainment to anyone involved in the Company's business cycle.

The Company acts in compliance with all applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA"), and the local laws in every country in which the Company operates.

It is required for all employees in the Company to complete anti-bribery-related trainings on an annual basis.

Incompliant actions may result the Company to be punished through several measures including but not limited to the followings: invalidation of the licenses granted by the public authorities; seizure of the goods which are used in the commitment of, or the result of, a crime by the representatives of a legal entity; and seizure of financial benefits arising from or provided for the commitment of a crime.

This Policy can be supplemented with the local obligations which are more stringent than the obligations stated in this Policy to comply with local laws or regulations.

3. RULES

a. Gifts, Meals, Travel and Hospitality

Providing or accepting gifts, meals, travel, or entertainment to effect any party inappropriately, especially a Government Official, in exchange for any improper benefit is strictly prohibited. Under some specific conditions, providing gift to a government official or accepting a gift from a third party may be allowable as described in Global Gift and Hospitality Policy².

¹ Please refer to the Global Gift and Hospitality Policy.

² Please refer to the Global Gift and Hospitality Policy.

b. Hiring or Engaging Government Officials

Employment decisions must be based on virtue and this should not inappropriately influence Public Officials. There must be approval before proceeding with the recruiting process, if a known family member or designee of a Public Official is seeking employment at the Company.

Government Officials can be hired or engaged to perform services that have a legitimate business purpose by the Company, provided that:

- There is no expectation that the person is being retained by the Company in exchange for any improper action or business advantage from the government,
- The person/s is/are objectively qualified enough in terms of the criteria required for the related position,
- The salary or fees are reasonable and consistent with the work and the related person's professional qualifications,
- Prior approval is obtained from the Sustainability and Corporate Affairs Directorate and Chief Legal and Compliance Officer.

c. Grants, Donations and Sponsoring

Providing a grant/donation/ sponsorship to improperly effect a Government Official, or in return of any improper favor is prohibited by this Policy.

d. Third Party Relationships

Applicable laws regarding bribery and corruption do not permit any kind of improper payments made directly by Company employees or indirectly through an agent, consultant, distributor, or any other third-party representative acting for or on behalf of the Company (collectively, "Third Parties").

Third Parties must be in accordance with this Policy, at all times. To mitigate the risk of bribery and corruption, a risk-based due diligence on third parties must be conducted, both before and throughout the business relationship. The risk based due diligence on prospective joint venture partners, acquisition targets, and other strategic investments must be conducted to mitigate corruption related risks.

The Company must engage Third Parties only if;

- a legitimate business need is in place for the services or the goods provided,
- the price of the services and goods are not above market value,
- the Third Party is evaluated as appropriate after application of due diligence process from an anti-bribery and corruption perspective.

No relationship should be established with a Third Party who has or will have a substantive interaction with Government Officials on behalf of the Company without an inquiry into the third party's background, qualifications and reputation.

A written contract made with Third Parties acting on behalf of the Company including an appropriate language regarding all applicable anti-bribery and corruption laws should be in place.

e. Transparency and Accuracy of the Books and Records

The failure to keep accurate and transparent books and financial records breaches many countries' laws even when no bribery action is in place. Thus, for each transaction, principles regarding internal controls, financial reporting, document retention should be taken into consideration and it should be ensured that the Company demonstrates its compliance with anti-bribery laws and regulations. To this end;

- All kinds of accounts, invoices and other documents created from dealing with third parties (customers, suppliers, etc.) should be recorded to the books, timely and accurately, including clear explanations so that a third party reviewer can be able to understand the business rationale behind the transactions,

Any alteration falsifying the nature of any transaction is prohibited on accounting or similar commercial records.

4. AUTHORITY AND RESPONSIBILITIES

This Policy is published by the Company's Legal and Compliance Department, and the Company is responsible for ensuring the compliance with the Policy by all its employees. In addition, regarding the Company's position for corrective and/or preventative actions, including termination of employment, against any non-compliant behaviours should be considered regularly via related parties.

Compliance Officers are employees of the Company appointed by the Legal and Compliance Manager of the Company as being responsible for monitoring the Company's operations pertaining to this Policy.

This Policy will be periodically reviewed by the Company's Legal and Compliance Department to ensure compliance with new or revised laws and regulations.

Version Date: 01.07.2021

GLOBAL GIFT AND HOSPITALITY POLICY

GLOBAL GIFT AND HOSPITALITY POLICY

1. APPLICATION

This Policy contains rules that are applicable to all Arcelik Hitachi Home Appliances and its subsidiaries (the “Company”) their close relatives and/or third parties affected by our company's activities and affecting our company by their activities. (i.e., non-governmental organizations, the media, employees, partners, shareholders, suppliers, authorized service providers, agents, consultants) acting on behalf of employees the Company.

2. GENERAL PRINCIPLES

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

This Policy applies to the situations when:

- The Company’s employees give or accept gifts to third parties to represent the Company in business context (Personal gifts are not the concern of this Policy)
- The Company’s employees invite individuals who are not the Company’s employees to hospitality events to represent the Company in business context and when the Company’s employees receive hospitality invites from third parties because of their professional capacity to represent the Company (personal hospitality and hospitality organizations within the Company’s employees are not the concern of this Policy).

In some certain circumstances, giving or receiving meals, small company events and tickets to sports and cultural events may be considered acceptable if they occur occasionally and do not exceed a certain amount per thresholds. In this respect, we acknowledge that dealers, authorized services and distributors can be invited to the sports events that we have sponsorship arrangements for our brands, on the condition that these invitations are made as a reward basis and the list of such guests are duly informed to the relevant director.

However, if offers of gifts, hospitality or travel are frequent or of substantial value, they may create potential conflicts of interest between parties, or result in non-compliance to local or global laws and regulations. Consequently, giving or receiving gifts and hospitality activities to/from third parties can only be granted when no counter benefit is expected.

When setting up the relationships with third parties, including, but not limited to: customers, vendors the following criteria must be considered (please refer to the rules related to Government Officials when needed).

The gift or hospitality must not be in the form of cash, cash equivalents services or the promise of employment.

The decisions to give/receive a gift or hospitality must **NOT**:

- influence any decision-making process the Company's business;
- be designed to obligate an individual to act improperly with regard to the Company's business;
- influence, or reasonably give the appearance of influencing, the Company's business relationship with the third party;
- affect the Company's independence, performance and ability to make decisions
- be intended to result in obtaining or sustaining business or providing an improper financial advantage to the Company's and/or the third party, such as favorable tax treatment or the award/maintenance of business.

The gift or hospitality or their nominal values must **NOT**:

- be prohibited by laws, regulations (i.e. FCPA, UKBA, local laws) or the Company's AntiBribery and Corruption (ABC) Policy (such as bribes, payoffs, kickbacks, etc.);
- damage the integrity and reliability of the Company's business relationship with the thirdparty;
- bring the Company's into disrepute if disclosed publicly;
- be given, or received, during a tender or competitive bidding process;
- be perceived as bribery¹ or commission;
- correspond to a privileged treatment carrying out a certain task.

3. GIFTS

While giving and receiving gifts line managers should always be informed through company e-mail.

a. Monetary Limit for Gifts: While giving and receiving gifts, employees must ensure the value of the gifts do not exceed USD 50 from single source² and are always one-off (not more than once a year) or irregular in nature.

b. Receiving Gifts Beyond the Limit: If an employee receives a gift value more than USD 50 he/she must immediately inform respective Compliance Officer. Compliance Officer will work with the recipient of the gift together to decide either to return the gift to the sender or to take it from the recipient, keep it and record it properly. If appropriate sender will be informed regarding the Company Gift and Hospitality rules with a kind thank you note.

c. Giving Gifts Beyond the Limit: If an employee is in need to give a gift valued more than USD 50 he/she must receive the preapproval from the relevant Compliance Officer. Giving the Company small household appliances should be primarily considered.

¹ Please refer to the Global Anti Bribery and Corruption Policy.

² “Single source” covers all the related parties including but not limited to customers, suppliers, authorized representatives, managers or staff of these parties

4. HOSPITALITY

a. General: Business hospitality sometimes plays a key role in strengthening the business relationships with business partners. The Company’s employees may accept or provide hospitality for permitted business purposes such as building good faith and improving relationships with business partners.

Giving or receiving hospitality is permitted only if such hospitality:

- is occasional (such as attendance at sports, theatre, or other cultural events)
- is not given/accepted as a bribe, pay off or kickback
- does not create a perception that the individual giving the gift is entitled to; preferential treatment or a discount
- complies with any specific limits defined under this policy unless the lower limits are set by local laws and regulations

b. Prohibitions: The following types of hospitality are never accepted or provided from/to third parties at any time:

- hospitality that can be perceived as immoderate in the conditions of the business event,
- activities that do not comply with Global Code of Conduct and the Related Code Policies or the culture of the countries in which the gifts are provided hospitality which do not comply with local/national laws and applicable regulations in the countries in which the hospitality is accepted or provided,
- hospitality that can be perceived as extreme by an objective third party,
- hospitality that can be for the personal gain or benefit of an employee, family member or close associate,
- hospitality that exceeds any specific limits defined under this Policy unless the lower limits are set by local laws and regulations.

c. Monetary Limits for Hospitality:

- Upper management: USD 200 per person
- All other employees (except upper management)
 - i. Turkey: 300 TL per person
 - ii. Other Countries: USD 70 per person

d. Record Keeping: Employees must keep their own records for inspection and ensure expenditure associated with any hospitality provided by, or on behalf of the Company. Records related to hospitality must contain the names of the participants and organizations that they represent for audit purposes.

e. Approval: Line Manager’s preapproval should be received via company e mail account, before a hospitality takes place. In addition, if a hospitality valued more than the limit takes place, line manager’s approval should be received.

5. OUT OF SCOPE GIFTS

It is ordinary for some of the Company's suppliers, customers and other business partners to give or receive invaluable gifts/presents, such as promotional items key holders with a total value under the specified limit regarding receiving and giving gifts, to employees within the scope of their business operations. When giving or receiving these gifts it must be verified that they have not been offered to influence an employee's judgement or could reasonably be perceived as having the ability to influence their judgment.

The Company's employees may give or receive gifts to/from third parties provided that the gift:

- does not lead an understanding that the party, who provides gift, obtains special and differential treatment, an award of business, better prices or favored terms of sale,
- gift is not for personal gain or benefit of an employee, family member or close associate.

Employees should share the edible gifts with their team members and consume them at the workplace.

Flowers are considered out of scope of this Policy.

6. GOVERNMENT OFFICIALS AND GOVERNMENTAL ORGANIZATIONS

As most of countries in which the Company operates prohibits offering anything of value to government officials³ or Politically Exposed Persons (PEPs)⁴ to gain or sustain a business, maximum care must be taken at all times.

Giving a gift/present or hospitality to a government official is **ONLY** allowed if;

- the transaction is compliant with the local laws and regulations,
- the gift or hospitality is not, or is unlikely to be perceived as, a bribe, payoff or kickback,
- the reason of giving the gift/present or hospitality is well described and documented with containing proper preapprovals of Sustainability and Corporate Affairs Director and Compliance Officer.
- Compliance Officers are required to inform Global Compliance & Data Privacy Manager before a decision of approval provided in the country level.
- the value and the frequency of the gift or hospitality must be nominal and not excessive,
- the transaction is properly recorded to the accounting books and records.

³ Government/Public Official is broadly defined to involve a variety of individuals, including but not limited to the followings:

- Employees working at government bodies (such as public officials, policemen)
- Employees of government business enterprises
- Employees of political parties, political candidates
- Any person who is at a legislative, administrative or judicial position in a foreign country
- Any person who fulfils a public service for a foreign country
- Judges, jury members or other officials who work at international or supranational courts

- or foreign state courts;
 - Members of the international or supranational parliaments; individuals who carry out a public duty for a foreign country, including public institutions or public enterprises;
 - A citizen or foreign arbitrators who have been entrusted with a task within the arbitration procedure resorted to in order to resolve a legal dispute; and
 - Officials or representatives working at international or supranational organizations that have been established based on an international agreement.
- ⁴ An individual who is or has been entrusted with a prominent public function.

7. ROLES AND RESPONSIBILITIES

The Company Gift and Hospitality Policy is published by the Company's Legal and Compliance Department and the Company is responsible for ensuring the compliance with the Policy by all its employees. Any violation of this Policy will result in disciplinary action, up to and including termination of employment.

In addition, regarding the Company's position for corrective and/or preventative actions against any non-compliant behaviors should be considered regularly via related parties.

Compliance Officers have been appointed by the Legal and Compliance Manager of the Company to be responsible for monitoring the Company's operations regarding this Policy.

This Policy will be periodically reviewed by the assigned Legal and Compliance Department to ensure compliance with new or revised laws and regulations.

Version Date: 01.07.2021

GLOBAL COMPETITION LAW POLICY

GLOBAL COMPETITION LAW POLICY

The violation of competition laws may have serious consequences for both companies and employees such as heavy fines, compensation, and damaged reputation. In some countries, employees may be liable for criminal sanctions. For these reasons, as Arçelik Hitachi Home Appliances and its subsidiaries (the “Company”) we expect all our employees and business partners to obey competition laws. Main examples of the practices violating competition laws are below:

- Anti-competitive agreements or discussions with competitors or parties such as customers, services, suppliers which operates at a different level of the production or distribution chain,
- Exchanging competitively sensitive information with competitors,
- Abuse of dominant position.

1. COMPETITION LAW COMPLIANCE MANUAL

This Policy is supplemented by the Competition Law Compliance Manual which contains detailed information.

2. AUTHORITY AND RESPONSIBILITIES

Violation of this Policy will result in disciplinary action including termination of employment.

Competition Manager is the employee of the Company appointed by Legal and Compliance Manager of the Company. as being responsible for monitoring the Company’s operations pertaining to this Policy.

This Policy and Competition Law Compliance Manual will be reviewed by the Competition Manager to ensure compliance with new or revised laws and practices.

Version Date: 01.07.2021

GLOBAL DONATION AND SPONSORSHIP POLICY

GLOBAL DONATION AND SPONSORSHIP POLICY

1. PURPOSE AND SCOPE

The purpose of this Donation and Sponsorship Policy (the “**Policy**”) is to set standards, principles and rules to be complied with by Arcelik Hitachi Home Appliances and its Subsidiaries, while making Donations and providing Sponsorships. In line with our strong belief that contributing to the community is the vital foundation for building successful business, Arcelik Hitachi Home Appliances and its Subsidiaries see Donations and Sponsorships as a way to support the communities in jurisdictions where they operate.

All employees, directors, and officers of Arcelik Hitachi Home Appliances and its Subsidiaries, as a Koç Group company, shall comply with this Policy, which is an integral part of the Global Code of Conduct. Arcelik Hitachi Home Appliances and its Subsidiaries also expect and take necessary steps to ensure that all of its Business Partners - to the extent applicable - comply with and/or acts in line with it.

2. DEFINITIONS

“**Arçelik Hitachi Home Appliances**” shall mean Arçelik Hitachi Home Appliances B.V. incorporated in Netherlands and Arçelik Hitachi Home Appliances IBC Co. Ltd. to be established in Thailand.

“**Business Partners**” include suppliers, distributors, authorized service providers, representatives, independent contractors and consultants.

“**Donation**” means voluntary contributions in money or in kind (including goods or services etc.) to individuals or charitable entities (such as foundations, associations and other nonprofit organizations); universities and other schools; and other private or public legal entities or organizations etc. to advocate a philanthropic cause, serve the public interest and help achieve a social goal, without a consideration received in return.

“**Koç Group**” means Koç Holding A.Ş. and companies which are controlled directly or indirectly, jointly or individually by Koç Holding A.Ş. and the joint venture companies listed in its consolidated financial report.

“**Sponsorship**” means contribution in money or in kind (including goods, or services, etc.) given to an entity or group, for staging an artistic, social, sports or cultural activity etc. in return for an institutional benefit reflected in the form of visibility to target audiences, under a Sponsorship agreement or whatsoever name, to the extent the nature of the relationship is as defined herein.

“**Subsidiaries**” shall mean all subsidiaries of Arcelik Hitachi Home Appliances BV., namely; Arcelik Hitachi Home Appliances (Shanghai) Co., Ltd., Arcelik Hitachi Home Appliances Sales (China) Ltd., Arcelik Hitachi Home Appliances Sales Hong Kong Limited, PT. Arcelik Hitachi Home Appliances Sales Indonesia, Arcelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd., Arcelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd., Arcelik Hitachi Taiwan Home Appliances Sales Ltd., Arcelik Hitachi Home Appliances (Thailand) Ltd., Arcelik Hitachi Home Appliances Sales (Thailand) Ltd., Arcelik Hitachi Home Appliances Sales Middle East Fze and Arcelik Hitachi Home Appliances Sales Vietnam Co., Ltd.

3. GENERAL PRINCIPLES

While making Donations and providing Sponsorships, Arçelik Hitachi Home Appliances and its Subsidiaries ensure that:

- They comply with its incorporation documents (including but not limited to its articles of association), and the restrictions and limits set forth by the General Assembly and/or the Board of Directors or similar body of Arçelik Hitachi Home Appliances and its Subsidiaries;
- They comply with all applicable legislation in the jurisdictions where Arçelik Hitachi Home Appliances and its Subsidiaries operate; including but not limited to relevant capital markets legislation, commercial code, and tax laws to the extent applicable;
- They do not conflict with the values or commercial interests of Arçelik Hitachi Home Appliances and its Subsidiaries and comply with the principles in this Policy and the Global Code of Conduct.
- Donations and Sponsorships should be documented in accordance with the legislation.
- Donations and Sponsorships can be granted in cash or by products produced or owned by Arçelik Hitachi Home Appliances and its Subsidiaries.

The Donation and/or the Sponsorship is

- properly documented and never in exchange for obtaining an improper advantage or benefit or used for the purpose of any form of corruption;
- not offered in connection with any bid, contract renewal or business opportunity;
- not made for political purposes to any politician, political party or political groups, a municipality or government official, either directly or indirectly via third party¹;
- not for the benefit to any entity or organization, which discriminates, based on ethnicity, nationality, gender, religion, race, sexual orientation, age or disability or
- not directly or indirectly used for human or animal rights' violations, promotion of tobacco, alcohol and illegal drugs and damaging the environment.

4. IMPLEMENTATION

If it is the first time that a Donation or Sponsorship transaction is made by Arçelik Hitachi Home Appliances and its Subsidiaries in favor of any third party, the following steps should be completed before signing a contract and commitment by authorized persons according to the relevant company's signature circular and / or company's articles of association:

- If the transaction initiated by a department other than the department responsible for brand communication and Sponsorships, a written proposal containing a description of the planned use for the funds and information regarding the relevant entity (name, address, senior management) shall be submitted to the Arçelik Hitachi Home Appliances Communications Department for a corporate image and brand impact assessment via Sponsorship and Donation evaluation form. (If the relevant transaction is carried out by a department responsible for company brand communication and Sponsorships, it is excluded from this process.
- Arçelik Hitachi Home Appliances Communications Department conducts preliminary examination and due diligence² about the party within this scope, and examines corporate history, information about stakeholders and negative news from public sources for preliminary examination;

¹ Please see **Arçelik Hitachi Home Appliances B.V.** Global Code of Conduct and Global Anti-Bribery and Corruption Policy.

² Due diligence shall be conducted as per **Arçelik Hitachi Home Appliances B.V.** Global Sanctions and Export Control Policy and Global Anti-Bribery and Corruption Policy. To the extent required, relevant documentation shall be shared with other departments (including legal, tax and capital markets compliance review).

- If the request and the result of the evaluation are evaluated positively, the process for Donations is followed in accordance with the approval table specified below.
- However, in the event of a Donation or Sponsorship transaction that may have a material impact over the Koç brand and Koç Group corporate image, in addition to the steps above, the request must be notified to the Arçelik Global Compliance Department and Arçelik Global Compliance Department informs Koç Holding Corporate Brand Communications and Sponsorship Department. ;
- For Sponsorships, the parties shall enter into a written agreement detailing all the conditions;
- For Sponsorships, sponsored entity, must provide the Communications Department post-event documentation (i.e. photos, videos or a report etc. as may be relevant) or any other documents or materials evidencing compliance with the Sponsorship agreement as soon as practically possible after the completion of the sponsored event or project. If, however, the sponsored event is a recurrent event, the Sponsorship agreement shall set forth the content and the frequency of reporting.);
- Supporting documents such as receipts and invoices must be kept by the accounting department and transactions must be booked in accordance with the relevant legislation;
- Due Diligence, approval, execution and follow-up processes shall be documented to be used for audit and compliance review where necessary;
- A report listing Donation and Sponsorship activities (including purpose, entity and due diligence results) shall be sent to Legal and Compliance Department in Arçelik, on an annual basis, by the Legal and Compliance Department of Arçelik Hitachi Home Appliances.
- Arçelik Hitachi Home Appliances and its Subsidiaries should follow the following approval stages according to the Donation amounts as stated in Arçelik Hitachi Home Appliances B.V. Delegation of Authority.

	Arçelik Hitachi Home Appliances B.V.	Arçelik Hitachi Home Appliances IBC Co. Ltd.			Subsidiaries		
	Board of Directors	Board of Directors	CEO	CFO	Board of Directors	Country General Manager	Country Finance Manager
Donations of Arçelik Hitachi Home Appliances B.V. exceeding USD 50.000 per year	A* ¹						
Donations of Arçelik Hitachi Home Appliances IBC Co. Ltd. exceeding USD 50.000 per year		A*					
Donations of Subsidiaries exceeding USD 50.000 per year					A*		
Donations of Arçelik Hitachi Home Appliances B.V. equal or less than USD 50.000 per year			A ²	A			
Donations of Arçelik Hitachi Home Appliances IBC Co. Ltd. equal or less than USD 50.000 per year			A	A			
Donations of Subsidiary A/B equal or less than USD 50.000 per year						A	A

¹ Approve "A*" means approval at a board meeting attended "A*" by at least one director dispatched from Hitachi Global Life Solutions, Inc.

² Approve "A" means ultimate written consent/confirmation (including e-mail) of the proposed activity as provided by the relevant executive or management line specified in the table.

- All Donations are reported to the Compliance Management under the Legal and Compliance Department of Arçelik Hitachi Home Appliances. The top manager of the finance and accounting unit of each subsidiary informs the Compliance Management about the Donations.
- Arçelik Hitachi Home Appliances Legal and Compliance Department informs Arçelik Legal and Compliance Department regarding the approved Donations.

5. AUTHORITY AND RESPONSIBILITIES

All employees and directors of Arçelik Hitachi Home Appliances and its Subsidiaries are responsible for complying with this Policy. Arçelik Hitachi Home Appliances and its Subsidiaries also expect and take necessary steps to ensure that all its Business Partners to the extent applicable complies with and/or acts in line with this Policy. Board of Directors and the country manager where the Donations and Sponsorship process take place remain liable from the risks created due to those processes.

This Policy has been prepared in accordance with the Koç Group Donation and Sponsorship Policy. If there is a discrepancy between the local regulations, applicable in the countries where Arçelik Hitachi Home Appliances and its Subsidiaries operate, and this Policy, subject to such practice not being a violation of the relevant local laws and regulations, the stricter of the two, supersede.

If you become aware of any action you believe to be inconsistent with this Policy, the applicable law or the Global Code of Conduct, you should report this incident via the below mentioned reporting channels:

Web: www.ethicsline.net

Hotline Phone Numbers as listed in the web

<https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct> site:

Legal and Compliance Department, is responsible for arranging, periodically reviewing and revising the Global Donation and Sponsorship Policy when necessary. Arçelik Hitachi Home Appliances and its Subsidiaries employees may consult to Arçelik Hitachi Home Appliances Legal and Compliance Department regarding their questions about this Policy and its implementation. Violation of this Policy by an employee may result in significant disciplinary actions, including dismissal. If any third party that is expected to comply with this Policy acts in violation of this Policy, the relevant contracts may be terminated.

GLOBAL ANTI- MONEY LAUNDERING POLICY

GLOBAL ANTI-MONEY LAUNDERING POLICY

The aim of this policy is to set forth guidelines to prohibit and actively monitor the money laundering and the funding of terrorist or financial crimes that Arçelik Hitachi Home Appliances and its subsidiaries (the “Company”) and its all third parties may face within the scope of their business activities. Within this concept, all operations of the Company are made in accordance with the key components of a program which includes; identification and verification of clients and third parties; monitoring of client activities; reporting and investigating unusual and suspicious activities; training staff in money laundering prevention and detection; and designating dedicated money laundering reporting officers.

This Policy has been prepared in accordance with Global Code of Conduct and the local laws and regulations, which are applicable in the countries that the Company operates to ensure the commitment to all relevant local and international laws and regulations (i.e Terrorist Financing Act, POCA (Proceeds of Crime Act), Money Laundering Acts). This Policy applies to all employees of the Company who are required to comply with all applicable anti-money laundering and terrorist financing laws and regulations in countries which the Company conducts business. Failure to do so may result in severe criminal, civil and regulatory penalties for the Company and its employees.

1. DEFINITIONS

Money laundering is the disguising or concealment of financial assets obtained via illegal means. It is an attempt to illegally legitimize criminal proceeds and disguise the true origin of assets, this is commonly achieved by placement, layering and integration. Money laundering may be committed through knowingly engaging in a financial transaction with the proceeds of a crime or negligent ignoring warning signs for unusual or suspicious activity in respect of a client or transaction.

Terrorist financing refers to activities that ensures financial support to of legitimate or illegitimate terrorists, individuals, groups, organizations or supporters of terrorism. Terrorism can be financed through illegal activity such as credit card fraud, illegal arms dealing and drug dealing, among other criminal activity. Terrorist financing may also involve the use of legitimately derived funds. In both instances the aim of terrorist financiers is to conceal the source and ultimate use of finances. As with money laundering, the appearance of being connected, directly or indirectly, to terrorism raises unacceptable levels of regulatory and reputational risk to the Company.

Politically Exposed Persons (PEPs) are individuals who are, or have been, entrusted with prominent public positions domestically or by a foreign country. For example, Heads of State or Heads of Government, senior politicians or government officials, judicial or military officials, senior executives of state owned corporations, prominent political party officials.

Sensitive Countries are the ones which have strategic Anti Money Laundering /Combating Financing of Terrorism deficits that have not made adequate progress in addressing the deficits or have not stipulated to an action plan as per the Financial Action Task Force (FATF).

Sensitive Clients are the individuals or legal entities which have business relations with sensitive countries.

Facilitation payment is made to further “routine governmental action” that involves non-discretionary acts. Examples of “routine governmental action” include processing visas, providing police protection or mail service, and supplying utilities like phone service, power, and water. Routine government action does not include a decision to award new business or to continue business with a particular party. Nor does it include acts that are within an official’s discretion or that would constitute misuse of an official’s office. Thus, paying an official a small amount to have the power turned on at a factory might be a facilitating payment.

If you have any questions or further inquiries regarding the above, please consult to the Global Compliance & Data Privacy Manager.

2. SUSPICIOUS ACTIVITIES

The Company’s employees should be vigilant of money laundering red flags and to report any suspicious activity to local compliance officers. By way of guidance, see below a non- exhaustive list of red flag scenarios.

- Suppliers, customers or third parties who do not provide complete information, false or suspicious information, or is anxious to adhere to reporting or recordkeeping requirements,
- Customers who willfully agree to pay above the market conditions,
- Customers or suppliers who request the payments to be conducted in cash or cash equivalents,
- Transactions relating to high-risk countries, as defined by the FATF,
- Abnormal cash transfers, incompliant with the business rationale of the related transaction,
- Multiple money orders, traveler’s checks, or large amounts of cash,
- Payments made in currencies other than those specified in the agreements,
- Payments requested to or by third parties, who are not named in the corresponding contracts,
- Unusual receipt of transactions from a certain person or entity, where the origin of the funds is not known,
- Payments to persons or entities who reside in countries known as “tax heavens” or into “shell bank” accounts, or unusual fund transfers to or from foreign countries unrelated to the transaction,
- Payments to or from entities in which, it is not possible to identify the shareholding structure or ultimate beneficiaries.

When you are in doubt, please ask help from Global Legal and Compliance Department for guidance.

3. KNOW YOUR CLIENT (“KYC”)

The Company and its employees are required to exercise a level of care and due diligence when dealing with clients to avoid being willfully blind to money laundering or other suspicious activity. Consistent with this, the Company and its employees must adhere to the following principles:

- Sufficient information about the business environment and the purpose of the intended business of the third parties must be procured,
- Money laundering risks related with third parties must be assessed for aims of monitoring the third parties' activities,
- The integrity of potential customers and other business relationships must be assessed,
- The owner, business manager and key principals must be checked against watch lists and reputational intelligence through local investigators,
- Media research in English and also the local language about the owner, business manager and its key principals must be conducted,
- The ongoing monitoring based on the risk profiles of customers, suppliers and distributors must be performed,
- The Company's compliance expectations must be communicated to the stakeholders at all times,

In case there are reasons to be suspicious on the business partners because of wrongdoings pertaining to dealings, interactions, transactions with the Company, those suspicions must be reported to the Global Compliance & Data Privacy Manager, immediately, for further investigations.

4. ROLES AND RESPONSIBILITIES

All employees must follow the requirements set forth in this Policy. This Policy is published by Finance Department and it takes any corrective and/or preventative actions to be taken against any non-compliant behavior including termination of employment. Compliance Officers are employees of the Company appointed by the Legal and Compliance Manager of the Company as being responsible for monitoring the Company's operations pertaining to this Policy.

This Policy will be periodically reviewed by the Company's Legal and Compliance Department to ensure compliance with new or revised laws and regulations.

Version Date: 01.07.2021

GLOBAL PROTECTING AND RETAINING INFORMATION POLICY

GLOBAL PROTECTING AND RETAINING INFORMATION POLICY ARCELİK HITACHI HOME APPLIANCES

1. RECORD TYPES

The Policy applies to the information contains in the following records:

- Paper,
- Electronic files including but not limited to databases, word documents, PowerPoint presentations, spreadsheets, webpages, and e-mails,
- Photographs, scanned images, CD-ROMs and memory sticks.

The Policy aims to cover all types of records created by the company, such as;

- All corporate governance documents such as board and board committee materials, meeting minutes,
- All documents and information to be kept within the legal hold period within the scope of the local laws and regulations, which are applicable in the countries that

Arcelik Hitachi Home Appliances (the “Company”) operates,

- Contracts,
- All documents related to research and development /intellectual property and trade secrets,
- Technology software licenses and related agreements,
- Marketing and sales documents,
- Invoices,
- All employee records,
- E-mails.

2. RECORD CLASSIFICATION

Existing business process is necessary to establish the record’s value. During this process, all record categories need to be reviewed and evaluated according to its;

- Legal value
- Operational value
- Historical value

Accordingly, records and documents are classified as “public, personal and confidential”. The Company’s retention schedule is developed and constituted

with respect to the records classification by fulfilling legal, administrative, financial and/or historical obligations.

3. CLASSIFICATION LEVELS

a. Public: the document/record which made publicly available by the authorized corporate communications departments. Such information contains public information that can be revealed without affecting the Company. It is not in compliance with persons' privacy or knowledge of this information does not subject the Company or its affiliates to any kind of financial or reputation loss or does not threaten the security of the Company's assets.

b. Personal: the document/record is made up of individuals' own (for personal usage not business related) data and/or information including personal e-mails, tables and any other documents belong to individuals.

c. Confidential: All kinds of information, which are not publicly available or are not made publicly available by the Company are considered confidential including, but not limited to technical, operational, financial information.

Confidential Information covers all types of information pertaining to the customer or vendor records, actual and former employees, third parties that the Company has business interaction and national security information retained due to the employees' positions.

4. GENERAL PRINCIPLES REGARDING CONFIDENTIAL INFORMATION

Within the concept of its business activities and relationship with third parties, the Company may process Confidential Information for the following reasons:

- Regulatory reasons to act in compliance with the obligations,
- Technical reasons to develop and maintain the product quality,
- Contractual reasons to perform or manage business operations or to establish, exercise or defend legal claims,
- Client or vendor interaction pertaining to the Company's business operations to respond or make inquiries,
- Transactional reasons such as shipments, deliveries, transportation and support services,
- Financial matters, including but not limited to payment processing, accounting, auditing, monitoring, billing and collecting processes,
- Customer, vendor or third-party due diligence reasons, covering the corporate intelligence, market researches, product benchmarking and questionnaires,
- Security considerations to protect and maintain the Company. products, services, websites and working locations. The Company employees

acknowledge that violating the confidentiality, during and after the employment and disclosing the confidential information without authorization to third parties, can result in serious competitive disadvantage to the company whereas causing immeasurable financial, legal and other types of damages to the Company. The obligation not to circulate or disclose confidential information is applied even though the related information might not be specifically identified or marked as confidential.

Regarding the Company's obligations pertaining to the Confidential Information, the following criteria must be taken into consideration at minimum:

- Confidential information cannot be used to knowingly convert a company business opportunity for personal use,
- It is not accepted to trade in the Company's stocks, or the stocks of any other company, based on the confidential information,
- Divulging confidential information to third parties so that they might trade in stocks, is prohibited,
- Seeking out, accepting or using of a confidential information of or from a competitor of the Company is illegal.

The circulation and transferring the confidential data is done under the following criteria:

- Regarding the Company's aim to be compliant to all rules and regulations of the countries that it has operations, the confidential information can be transferred to law enforcement authorities or regulators, with taking the legal authorizations at all times,
- The confidential information can be shared with the Company's contracted service providers where the confidentiality is protected with contract terms or non-disclosure agreements, which only act upon the instructions of the Company.

5. MINIMUM RETENTION PERIOD

Using the records value criteria, the Company develops a recommended retention period and schedule procedure for each category of records and documents by comprehensively, fulfilling administrative, financial and/or historical obligations. The recommended minimum retention schedule is determined for each records and documents category by the Company where local and international laws and regulations are identified. The Company retains records and documents regarding the Company's retention schedule and procedure. Unless any specific law and regulation provides for a longer or

shorter retention period than the the Company's retention schedule, the Company shall follow the instructions of the Company retention schedule.

As long as a record and/or a document has not been specified as permanently preserved, the retention period is identified in accordance with the retention schedule.

For "permanent preservations" monitoring is defined and scheduled within the retention period procedure.

6. DISPOSITION

Each department is responsible from ensuring the retention schedule.

When the retention period is expired, the record and/or document are reviewed by the relevant Director (or their delegate) in consultation with relevant stakeholders such as,

Head of IT, Head of Legal and Compliance and/or other senior managers and a 'disposition action' is agreed upon.

A "**disposition action**" is either:

- The further retention of the record or document within the Company.
- The destruction of the record or document.

The record and document reviewing should be performed as soon as possible after the expiration of the retention period. The disposition decision is reached having regard to:

- Continuous business accountability needs (including audit)
- Current legislation

If the record and document has any long-term historical or research value:

- costs related to sustained storage versus costs of destruction need to be reviewed
- the legal, political and reputational risks associated with keeping, destroying or losing control over the record/documents need to be reviewed. Disposition records must be kept by the disposing department for future audit purposes.

a. Further Retention of Records and Documents Irrespective of the Company's Record Retention Policy, if the record and/or document is necessary by any part of the business, and upon receiving notice of a lawsuit, government investigation or other legal action against the Company, records and documents are preserved and safeguarded. Otherwise, the Company applies the following disposition actions.

b. Destruction of Paper/Electronic Records and Documents

Destruction should be conducted in a way that keeps the confidentiality of the records/ documents and that correspond with non-disclosure agreements. All

copies including backup or preservation copies should be erased at the same time in the same direction.

The Record Retention Policy requires soft copies of paper/electronic records to be erased complying with the IT procedure. Giving the fact that deletion of the soft copy files is not considered to be a sufficient method, this procedure should be complying with IT procedures.

Irrespective of the Company's Record Retention Policy, if the record and/or document is necessary by any part of the business, and upon receiving notice of a lawsuit, government investigation or other legal action against the Company, records and documents are preserved and safeguarded. Otherwise, the Company applies the following disposition actions.

Destruction of any record which are classified as confidential level shall be complied with the local laws and regulations, which are applicable in the countries that the Company operates.

7. AUTHORITY AND RESPONSIBILITIES

This Policy is published by the Company, and the Company is responsible for ensuring the compliance with the Policy by all its employees. Any violation of this Policy will result in disciplinary action, up to and including termination of employment.

This Policy will be periodically reviewed by the assigned the Company to ensure compliance with new or revised laws and regulations.

Version Date: 01.07.2021

Company name revised 01.07.2021

From Arcelik to the Company

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 suppliers¹ 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.

¹ **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

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**

GLOBAL SANCTIONS AND EXPORT CONTROLS POLICY

ARCELIK HITACHI HOME APPLIANCES

GLOBAL SANCTIONS AND EXPORT CONTROLS POLICY

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ARCELIK HITACHI HOME APPLIANCES
SANCTIONS AND EXPORT CONTROLS COMPLIANCE PROGRAM
STATEMENT OF POLICY

Arcelik Hitachi Home Appliances (the “Company”) shares the concerns of international community on the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons, so we must comply with the all applicable export control laws and regulations. To this end, we will exercise export control due diligence against any possible illicit transactions and do our part to contribute to the maintenance of international peace and security. We must ensure that no items are provided to any country or any entity in violation of the above laws and regulations.

In order to achieve strict compliance, the Company has prepared and implemented its own Sanctions and Export Controls Policy. Understanding and implementing this Policy is a requirement of every employee and is considered an implicit part of his/her job responsibilities.

Failure to comply with this Policy could lead to, but is not limited with, the following:

- Imprisonment of employees (as a result of violation of certain Sanctions);
- Significant financial penalties for both the Company and their employees;
- Adverse public reputation;
- Loss of business;
- Cancellation of incentives;
- Termination of agreements;
- Fall in stock prices;
- Poor or no access to international financing;
- Credit recall;
- Seizure of the Company’s assets.

As a violation of export control laws and regulations can carry significant penalties to the Company, any employee who knowingly violates these regulations will be subject to disciplinary action, up to and including dismissal. If any employee has reason to believe that any violation of the applicable export control laws and regulations or this Policy has occurred or is about to take place, he/she should report the circumstances immediately to his/her supervisor, Global Legal and Compliance Department and to the Corporate Export Control Administrator. Until the situation is resolved, no business transaction or shipment to the customer in question should take place.

[Signature by President]
[Name of President]
[Title of President]
The Company
Date: _____

1. PURPOSE & APPLICABILITY

1.1 Purpose

The purpose of this sanctions and export controls compliance program is to ensure export control compliance within the Company.

1.2 Applicability

(1) This Policy shall have the utmost priority among the Company's policies and it shall apply to all divisions ("Divisions") of the Company in all locations.

(2) This Policy applies to all transactions of the Company's Products. Information that is not related to the development, production, or use of an item or information that is publicly available, is not subject to this Policy

2. DEFINITIONS

2.1 Company

"Company" means Arçelik Hitachi Home Appliances, including its following subsidiaries; Arcelik Hitachi Home Appliances Sales (China) Ltd., Arcelik Hitachi Home Appliances Sales Hong Kong Limited, Arcelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd., Arcelik Hitachi Home Appliances Sales Vietnam Co. Ltd., Arcelik Hitachi Home Appliances Sales Middle East Fze, Arcelik Hitachi Home Appliances (Thailand) Ltd. and Arcelik Hitachi Home Appliances (Shanghai) Co. Ltd.

2.2 Division

"Division" means any division of the Company. If there is any sector (e.g., department, group) that does not belong to a Division, such a sector shall be treated as a Division in this Policy.

2.3 [Title of President]

"[Title of President]" means the [Title of President] of the Company.

2.4 General Manager

"General Manager" means the General Manager of a Division. If no General Manager is appointed in a Division, it shall mean the Manager of such Division having responsibilities comparable to those of a General Manager.

2.5 Applicable Laws and Regulations

"Applicable Laws and Regulations" means the relevant export control laws and regulations, including those of any third country, that affect any of the Company's transactions of any Items.

Note: In certain cases, foreign subsidiaries owned or controlled by U.S. companies must comply with Office of Foreign Assets Control (OFAC). OFAC imposes broad restrictions on exports, imports, and other forms of doing business with sanctioned countries and entities for U.S. Even though non-U.S. persons (entity) handles non-EAR items, transaction for sanction countries (i.e. Iran, Russia) might be subject to OFAC restrictions as secondary sanctions.

2.6 Item

"Item" means any commodity, technology, or software.

2.7 List-Controlled Item

A “List-Controlled Item” means an Item listed as being controlled in the relevant annexes/schedules of the Applicable Laws and Regulations. A “Non-List-Controlled Item” means an Item not listed in the above-mentioned annexes/schedules.

2.8 Export

Generally, an “export” means:

- (1) an actual shipment or transmission of items out of a country;
- (2) any written, oral, or visual release or disclosure of technology or software to a Foreign Person either in a country or outside of such country; or
- (3) any actual use or application of technology on behalf of or for the benefit of any foreign entity or person anywhere.

See “Export” definition under the applicable export control laws and regulations.

2.9 Indirect export

In a domestic transaction, if the Company knows prior to shipment that the items will subsequently be exported from the country, or that the end-user is located outside the country (another country), then the transaction will be regarded as an indirect export.

2.10 Transaction

“Transaction” means a sales or provision of Products, including Company activities to allow using those Products. A transaction includes non-revenue activities other than sales.

2.11 Product

“Product” means any commodity, technology, or software, including any material, part, or component that is sold or supplied by the Company.

2.12 DPS

“DPS” means Denied Party Screening which is the process of identifying whether or not Business Partners of the Company are listed in global lists for restricted persons, embargoed countries, and companies that are owned by these denied entities. Screening will be conducted including, but not limited to the lists as the following:

- 1) Japanese Foreign End User List;
- 2) U.S. Denied Persons List;
- 3) U.S. Entity List;
- 4) U.S. Specially Designated Nationals List;
- 5) U.S. Unverified List;
- 6) U.S. Non-proliferation Sanctions List, such as NPWMD, INKSA, CBW;
- 7) German Proliferator Concerns List;
- 8) European Union Sanctions List; and
- 9) United Nations Sanctions List.

2.13 Business Partner

“Business Partner” means suppliers, distributors, authorized service providers, representatives, independent contractors and consultants.

2.14 RFI

“RFI” means request for information.

3. EXPORT CONTROL ORGANIZATION

3.1 Highest Responsibility

The [Title of President] of the Company shall assume the highest responsibility of the Company’s compliance with the Applicable Laws and Regulations. The [Title of President] shall issue statement of policy. Top-down support is necessary for the success of full compliance to this Policy.

3.2 Corporate Export Control Administrator

The [Title of President] shall appoint a Corporate Export Control Administrator. The Corporate Export Control Administrator shall coordinate the Company’s corporate export control program.

3.3 Responsibilities of the Corporate Export Control Administrator

Responsibilities of the Company’s Corporate Export Control Administrator shall include, but not be limited to, the following:

- 1) Maintain the Policy
- 2) Share export control related information within the Company, including revisions of Applicable Laws and Regulations and notifications from the supervising company
- 3) Provide assistance to export control functions
- 4) Review the end-user/end-use screening, if required
- 5) Determine whether an export license is required
- 6) Plan and conduct audits and training
- 7) Report the Company’s export control status and all non-compliance issues to the [Title of President] and Legal and Compliance Manager(LLCO)

3.4 Report of Export Control Status

The Corporate Export Control Administrator shall report the Company’s export control status to the [Title of President] at least once a year. The report can be made at the Company’s management meeting attended by the [Title of President]. The [Title of President] shall review the report and instruct the Corporate Export Control Administrator to take appropriate measures, if necessary.

3.5 Responsibilities of the General Manager

The General Manager of each Division shall be responsible for that Division’s export compliance. The General Manager shall appoint a Division Export Control Administrator to coordinate the export control related issues of the Division.

3.6. Responsibilities of the Legal and Compliance Officer ("LLCO")

LLCO is responsible for ensuring the proper administration of the Program by reviewing and following up the progress of compliance implemented by the Export Control Administrator(s), across the Company and monitoring and assessing the effectiveness of the internal controls and procedures that are intended to ensure compliance with the requirements of the Policy.

Any violation/potential violation of this Policy must be escalated to the LCO immediately by the Export Control Administrator(s).

3.6 Division Export Control Procedure

If necessary, a Division Export Control Procedure shall be established by the Division Export Control Administrator and shall be approved by the General Manager and LCO. In addition, the General Manager shall ensure that the Procedures are observed by the Division personnel.

4. PRODUCT CLASSIFICATION

4.1 Confirm Product Classification

Product classification is required for export license determination. If the Company exports, directly or indirectly, the Division in charge of transactions shall confirm the product classification prior to export (e.g. Export Control Classification Number (ECCN) under the Applicable Laws and Regulations and whether the product is subject to the U.S. Export Administration Regulations (EAR). In addition, the Division in charge of transactions shall confirm whether it is necessary to obtain an export license based on the product classification.

Even for domestic transfers, the Division in charge of transactions shall confirm whether the Product is restricted to transfer within the country due to license conditions (e.g., restricted encryption product under EAR, individual export license from Japan, ITAR control). In case of transferring any restricted Product, the Division in charge of the transaction needs to consult with the Corporate Export Control Administrator to confirm the appropriate process.

4.2 Check or Obtain Product Classification Information

In order to confirm the product classification, the Division in charge of transactions shall check the classification table stipulated in section 4.5 or obtain the product classification information from the Division in charge of design or its supplier.

4.3 Classify Product

When the Company develops or designs the Product, the Division in charge of design shall classify the Company's Products to be exported against the control list of Applicable Laws and Regulations. The Company can ask the supervising company or the relevant authority to support the classification, if necessary. The General Manager of the Division in charge of design shall approve the result of the product classification.

4.4 Product Classification of Procurement Item

Prior to export, the Division in charge of transactions shall obtain the classification information from the supplier in writing. The Division in charge of transactions shall make its best effort to double check the supplier's classification information, since it is the exporter who assumes the responsibility for export compliance.

If the Company cannot obtain the classification information under the Applicable Laws and Regulations of the country/region where the Company is located from the supplier, the Division in charge of transactions shall classify the Product by itself based on the specification, with the support of [Name of supervising company] or the relevant authority, if necessary.

4.5 Classification Table

To streamline the confirmation of the product classification, the Division in charge of design can prepare the classification table which lists the classifications of the Products to be exported and which indicates whether they are List-Controlled Items. If the Division in charge of design cannot prepare the classification table due to circumstances of a transaction or product, the Division in charge of design shall classify the Products, as requested by the Division in charge of transactions.

The Division in charge of design can establish a classification table in a format similar to the following sample. All Products listed on the classification table shall be classified against the Applicable Laws and Regulations, including the U.S. EAR. It shall be approved by the General Manager and the Division Export Control Administrator of the design Division.

It shall be the responsibility of the Division in charge of design to keep the latest classification information on the table. For example, when a control list in the Applicable Laws and Regulations is revised, the Division in charge of design shall confirm whether it is necessary to revise the classification table. If it is necessary to revise the classification table, the Division in charge of design shall revise it accordingly.

.....
(Sample Classification Table)

Division:		Date:	Approved by:	Prepared by:	
No	Product	[Country Name] Law	U.S. EAR	Japanese Law (Reference)	Law
1	TV-01	Not controlled	Subject to the EAR (EAR99)	Not controlled	
2	Valve-01	Controlled (2B350)	Not subject to the EAR	Controlled (List1-3(2),2-2-7)	
3	IC-01	TBD(*)	TBD(*)	N/A (Not Japanese product)	

*You can input TBD, because there is no plan to export at this moment. If you export it, you need to confirm or classify the ECCN PRIOR TO export.

5. END-USER/USE SCREENING

5.1 End-User/Use Screening

Before starting any transaction, end-user/use screening shall be conducted on a transactional basis.

Note: If there is more than one shipment under one contract, you can screen the end-user/use on a contractual basis. This screening needs to cover all relevant entities and Products.

For Hinode group companies, transactions destined for the Hinode Prohibited Country shown below is prohibited. If any of the relevant parties is located in Hinode's Designated 21 Countries below (excluding the Hinode Prohibited Country), the Company shall conduct end-user/use screening with extra caution considering the applicable regulations or the background of concern.

Hinode Prohibited Country: North Korea
Hinode Designated 21 Countries/ Region

Country/ Region	(1)	(2)	(3)	(4)	(5)	(6)
Afghanistan	X					
Central African Republic	X					
People's Republic of China				X		
Democratic Republic of Congo	X					
Crimea (Ukraine)					X	
Cuba		X (E2)				
North Korea	X	X (E1)	X			
India			X			
Iran		X (E1)			X	
Iraq	X					
Israel			X			
Lebanon	X					
Libya	X					
Pakistan			X			
Russia				X	X	
Sudan	X	X (E1)				
South Sudan	X					
Somalia	X					
Syria		X (E1)				
UAE						X
Venezuela				X		

- (1) UN Arms Embargo Countries
- (2) EAR Group E1 (Terrorist Supporting Countries), E2 (Unilateral Embargo)
- (3) Non-signatories of the NPT (Treaty on Non-Proliferation of Nuclear Weapons)
- (4) Military End Use Restriction
- (5) Special Sanction
- (6) Diversion Risk to Iran

5.1.1 Screening for Direct or Indirect Export Transaction

The Division in charge of transactions shall fill out the End-User/Use Screening Form and the RFI Check Sheet (hereafter "Screening Check Forms") against the customer, end-user, and other relevant parties, as attached to this Policy in Annex 1, and check whether the customer, end-user, or other relevant party is listed on the DPS.

If the importer, the end-user and other relevant parties are Hinode group companies the Division in charge of transactions does not need to fill out the RFI Check Sheet.

5.1.2 Screening for Domestic Transaction

[Region A Start]

The Division in charge of transactions can check visually (without filling out) the End-User/Use Screening Form, and shall check whether the customer, end-user, or other relevant party is listed on the DPS. This includes the in-country transfer direction in which the product is delivered directly from the supplier to the customer or end-user within the same country. When the Company instructs the supplier to transfer the Product within a country, the Division in charge of transactions needs to check in the same manner, even though the Company does not transfer any Products by themselves.

If any of the results falls under the conditions stipulated in section 5.2, the Division in charge of transactions shall fill out the Screening Check Forms against the customer, end-user, or other relevant party, as attached to this Policy in Annex 1.

If the end-user is a Hinode group company the Division in charge of transactions does not need to fill out the RFI Check Sheet.

If a transaction does not meet any of the conditions listed in section 5.2 1) to 5.2 7), the Division in charge of transactions does not need to preserve the check result of such transaction.

Hinode group companies do not need to be checked against the DPS.
[Region A End]

[Region B Start]

The Division in charge of transactions shall fill out the End-User/Use Screening Form against the customer, end-user, and other relevant parties, as attached to this Policy in Annex 1, and check whether the customer, end-user, or other relevant party is listed on the DPS. This includes the in-country transfer direction in which the product is delivered directly from the supplier to the customer or end-user within the same country. When the Company instructs the supplier to transfer the Product within a country, the Division in charge of transactions needs to check in the same manner, even though the Company does not transfer any Products by themselves.

If the end-user is a the Company's Division in charge of transactions does not need to fill out the RFI Check Sheet.

If all relevant parties, including the customer and end-user, are Hinode group companies designated the Division in charge of transactions can visually check the End-User/Use Screening Form. If any of the results falls under the conditions stipulated in section 5.2, the Division in charge of transactions shall fill out the Screening Check Forms against the customer, end-user, and other relevant party, as attached to this Policy in Annex 1.

Hinode group companies do not need to be checked against the DPS.
[Region B End]

5.2 Additional Review, Approval, and Escalation for Screenings

All Screening Check Forms shall be approved by the General Manager of the Division in charge of transactions. If the transaction meets any of the following, the Division in charge of transactions shall consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO on whether the business can proceed or not before the [Title of President] approves the transactions. The Division in charge of transactions shall then obtain approval of the [Title of President] and LCO on the End-User/Use Screening Form after the Corporate Export Control Administrator confirms it.

- 1) The government authority informed us that an export license is required for the transaction.
- 2) Product is controlled under the applicable export control laws and regulations, and an export license is required for the transaction.

- 3) We, the Company, know or suspect that the customer, end-user, any other relevant party, or end-use is involved with weapons of mass destruction (i.e., nuclear, chemical, or biological weapons or missiles).
- 4) We, the Company, know or suspect that the customer, end-user, any other relevant party or end-use is related to conventional weapons or the military.
- 5) Customer, end-user, or any other relevant party is a military or defense agency.
- 6) The destination of the products or the customer, end-user, or any other relevant party is located in a country of concern (i.e., Cuba, Iran, Iraq, North Korea, Sudan, Syria).
- 7) Customer, end-user, or other relevant party is listed on the DPS.

If any of the relevant parties is located in special sanction countries/regions (i.e., Russia, Crimea), the Division in charge of transactions shall conduct the end-user/use screening in depth, and consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO on whether the business can proceed or not.

In addition, if the product is intended for military end use or military end user in China, Russia or Venezuela, the Division in charge of transactions shall consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO on whether the business can proceed or not in consideration of the license requirement of the U.S. Government in accordance with EAR 744.21.

5.3 Repeat Transaction

Repeat transaction means a repeat order to an existing customer under a Master Agreement (e.g., stocking operation to a reseller).

If a repeated transaction does not have any change (e.g., relevant party, business route, check result of the DPS, product, product classification, end-use, or any Check Item in Check List of Annex 1 changes from No to Yes) on the valid Screening Check Forms that was already approved, the Division in charge of transactions can proceed with the transaction without an additional end-user/use screening. This screening needs to cover all relevant entities and Products. However, for every repeat transaction, the Division in charge of transactions shall check whether the customer, end-user, or other relevant parties are listed on the DPS. If any of the information on the Screening Check Forms changes, the Division in charge of transactions shall conduct an end-user/use screening again.

5.4 Validity of Screening

The Screening Check Forms are valid for one year from the date of approval. Once fully implemented DPS system will repeat the screening automatically on daily basis. If the Screening Check Forms have expired and the Division in charge of transactions continues to do business, the Screening Check Forms should be resubmitted for approval.

6. BROKERING SCREENING

6.1 Brokering Transaction Screening

Brokering means buying or selling, or arranging or negotiating transactions, for the purchase, sale, or supply, of items located in a third country for transfer to another third country. The brokering of items will require a license when the broker has been informed that the items are, or may be intended for, a WMD End Use.

If the Division in charge of transactions conducts a brokering transaction, it shall screen it as an export transaction, in accordance with sections 5 and 7 to 9.

6.2 Confirming License Requirement for Brokering

The Division in charge of transactions shall confirm whether the brokering transaction requires a license under the Applicable Laws and Regulations, including the U.S. EAR. If a license is required for the brokering transaction, the Division in charge of transactions shall obtain the license appropriately.

6.3 Confirming Product Classification Under the U.S. EAR

In the event that the Company's designated supplier makes a drop shipment destined for a U.S. embargoed country (i.e., Cuba, Iran, North Korea, Sudan, Syria) of the products that the Company purchases, to avoid any violation under the strict special export controls to these countries by the U.S. and other countries, the Division in charge of transactions shall conduct the necessary confirmation and screening in advance. In such case, it is necessary for the Division in charge of transactions to confirm the following points by getting the Export Control Confirmation On Proposed Products in the Annex 5 from such supplier:

- 1) The Products are not subject to the EAR;
- 2) The Products are Non-List-Controlled Items under the Applicable Laws and Regulations of the supplier's and the exporter's country; and
- 3) Any export license for the Products would not be required for the transaction.

7. PREVENTION OF IMPROPER RESALE AND END-USE

7.1 Obtaining Customer's Confirmation

If a transaction meets any of the conditions stipulated in section 5.2, the Division in charge of transactions shall obtain the customer's confirmation before transacting any Product with a customer or supplier. If an end-user is a Hinode group company the Division in charge of transactions does not need to obtain the customer's confirmation. If the relevant authorities request a customer's confirmation, the Division in charge of transactions shall obtain it accordingly.

7.2 Note of Confirmation (NOC)

A sample NOC is attached to this Policy as Annex 3. If a relevant sales agreement with a customer includes articles that are described in the "Note of Confirmation (NOC)" as in Annex 3, there is no need to obtain an additional NOC.

If an NOC cannot be obtained from a customer, the Division in charge of transactions shall send the customer a notification that contains the provisions of the NOC and keep a copy of the notification in its records. However, the Division first needs to make its best effort to obtain an NOC from the customer. The standard Notification is attached to this Policy as Annex 4.

8. EXPORT LICENSE

8.1 Obtaining Export License

If a license is required for the transaction of the Products, the Division in charge of transactions shall take appropriate steps to obtain any necessary license required by the local government, and the license required by the U.S. government as well.

The Division in charge of transactions shall submit a license application form to the relevant authorities, together with any supporting documentation that may be required, in accordance with the Applicable Laws and Regulations. If a License Exception or a general license (bulk license) is applicable, the Division in charge of transactions shall confirm that such a license is valid for the export in question. If it is not, then the necessary license shall be obtained, as appropriate.

8.2 Terms and Conditions of Export License

The Division in charge of transactions shall ensure that the terms and conditions of the export license, under which the relevant Products are exported, are fully satisfied.

9. SHIPMENT CONTROL

9.1 Communication of Export Control Information

The Division in charge of transactions shall inform the Division in charge of shipment controls of the export control information that is necessary for shipment control.

9.2 Export of Commodity

If the Company exports any commodity, directly or indirectly, the Division in charge of shipment controls shall confirm the following 1) to 5) before shipment, in order to prevent any illegal export that violates the Applicable Laws and Regulations, including the U.S. EAR:

- 1) Re-confirm that the customer, end-user, or other relevant party is NOT listed on the DPS.
- 2) Screening Check Forms were approved appropriately;
- 3) An export license required for the export was obtained;
- 4) The License Exception or General License (Bulk License) is available for the export, if the Company exports under the License Exception or General License (Bulk License); and
- 5) Commodities that will be provided are the same as the Products described on the relevant export control documents.

9.3 Provision of Technology or Software

If the Company exports technology or software, or if it transfers technology or software to foreign nationals within the country, the Division that provides the technology or software shall confirm 1) to 5) in section 9.2 before the technology or software transfer is made, in the same way as an exportation of commodities, in order to prevent any illegal export in violation of the Applicable Laws and Regulations, including the U.S. EAR.

9.4 Provision of Technology or Software Over a Network

If the Company exports technology or software over a network, or if it transfers technology or software to foreign nationals within the country over a network, including by email or other means, the technology or software that will be provided shall not be List-Controlled Items under the Applicable Laws and Regulations, including the U.S. EAR, and shall not be subject to an export license. If the Company provides controlled technology or software over a network, the Division in charge of provisions shall consult with the Corporate Export Control Administrator and seek his/her guidance.

9.5 Customs

If the Division in charge of transactions exports any commodity, including any medium that contains technology or software, the Division in charge of transactions shall carry out the applicable customs procedures and obtain export authorization from customs. If the Company uses international mail, international postal package, an international courier service, or similar transport service when the Company exports List-Controlled Items to a foreign country, the Company shall instruct the carriers to submit an export declaration, as required.

9.6 Recordkeeping of Export Under a License

If the Division in charge of transactions exported under an export license, the Division in charge of transactions shall keep a record of the export under that export license.

10. U.S. EXPORT ADMINISTRATION REGULATIONS (EAR) AND OTHER REGULATIONS

10.1 Hinode Policy for the EAR

It is the policy of Hinode group to comply with the U.S. EAR. The U.S. EAR has extra-territorial effect. Not only exports from the U.S., but also reexports from non-U.S. countries and domestic transactions out of the U.S. for Items subject to the EAR could be restricted. Items subject to the EAR are i) U.S.-origin Items, wherever located, ii) non U.S.-origin Items incorporating U.S.-origin items over a certain ratio, iii) non U.S.-origin Items which are manufactured with certain controlled U.S. origin technology or software, and iv) non U.S.-origin Items that are physically in the U.S.

10.2 Introduction to the EAR

The U.S. EAR requires List Control and Catch-All Control as well as the various other restrictions, such as export prohibition to the embargoed countries. It is also prohibited to export or have transactions with the parties on the Denied Persons List or Entity List, if the items are subject to the EAR. For more information, please contact the Corporate/Division Export Control Administrators, or refer to the website of Bureau of Industry and Security (BIS), U.S. Department of Commerce as below.

<http://www.bis.doc.gov/>

10.3 Reexport

Reexport means an actual shipment or transmission of items subject to the EAR from one foreign country (i.e., outside of the U.S.) to another foreign country.

10.4 Deemed Reexport

A deemed reexport is any release of technology or source code subject to the EAR to a foreign national, except having the country's permanent resident status, within the country. Such a release is deemed a reexport to the home country or countries of the foreign national. The deemed reexport rule is designed to restrict the transfer of controlled technology within the country. A "release of technology" occurs when technology is transferred to a company or individual through:

- 1) Disclosure of technical information by documents or other media; or
- 2) Visual inspection of US-origin equipment and facilities by foreign nationals;
- 3) Oral exchanges of information (e.g., training) within the country or abroad; or
- 4) The application to situations abroad of personal knowledge or technical experience acquired in the United States.

See also EAR Part 734.14.

10.5 Confirming License Requirement

If a license from the U.S. government under the applicable U.S. laws and regulations is required for a transaction, the Division in charge of transactions shall obtain such a license, even when the Company reexports from non-U.S. country.

10.6 Antiboycott (ONLY for subsidiary of U.S. company)

Part 760 of the U.S. EAR requires U.S. companies to refuse to participate in foreign boycotts that the U.S. Government does not sanction. U.S. companies are also prohibited from cooperating with trade embargoes implemented by foreign governments that run counter to U.S. policy. Under certain circumstances, U.S. companies must report boycott requests to the Bureau of Industry and Security (BIS).

If the Company receives a request to participate in a foreign boycott while conducting an export or export-related transaction, it must first refrain from cooperating with the boycott request. The Company shall notify its supervising company of the request and seek their guidance.

Note: This part applies to any “*United States person*”, which means any person who is a United States resident or national, including individuals, domestic concerns, and “controlled in fact” foreign subsidiaries, affiliates, or other permanent foreign establishments of domestic concerns.

See also EAR Part 760.

10.7 International Traffic in Arms Regulations (ITAR) controls

The U.S. Department of State is another agency heavily involved in export controls. It controls exports of defense related articles, technical data, and services, as well as transfer (in-country), temporary imports, and brokering of defense items. If any Division engages in military-related procurement and activities, the Division must be aware of ITAR controls. When the Division signs any agreement related to ITAR (e.g., TAA (Technical Assistance Agreement)) or finds that the documents show ITAR, the Division must consult the Corporate Export Control Administrator and LCO in advance to comply with the applicable conditions.

Note: If the item is designed or modified for military or defense, then the item may fall under ITAR, even though it is not related to a military item.

11 NON-REVENUE EXPORT ACTIVITIES

Each Division shall ensure compliance with the EAR and Applicable Laws and Regulations, even for activities other than sales. If the Division exports, directly or indirectly, any Product by activities other than sales, the Division in charge of transactions shall conduct the procedure as an export transaction, in accordance with sections 4, 5, and 7 to 9. Such activities include, but are not limited to, the following:

- 1) Providing any Products to a supplier, subcontractor, or business partner;
(In this case, even for domestic transactions, the Company shall conduct an export compliance procedure, in accordance with sections 4, 5, and 7 to 9.)
- 2) Sending technical documents or information (e.g., manual, drawing, specification) or software to foreign countries/nationals by any means (e.g., courier, hand-carry, email, Internet download, fax);
- 3) Disclosure of technical information to foreign nationals;
- 4) Presentation of technical papers at a meeting abroad;
- 5) Exhibiting products or technical materials at an exhibition abroad;

- 6) Sending prototypes, samples, or Products free of charge to foreign countries;
- 7) Bringing equipment as tools of the trade (e.g., measuring equipment) to a foreign country;
- 8) Bringing parts or components by hand-carry to a foreign country; or
- 9) Disclosure of technical information to foreign nationals during a guided tour of a factory/site within the country or domestically.

In case of an asset disposal, the Company shall conduct an export control procedure in accordance with the section 12.

12. ASSET DISPOSAL

12.1 Purpose

Each Division shall ensure compliance with the Applicable export control Laws and Regulations for the disposal of the Company's assets (e.g., OA equipment, machines, facilities, parts, finished products, semi-finished products).

12.2 Disposal by Sale or Donation

If the asset disposal is done by sale or donation, the Division in charge of transactions shall conduct the same procedures as with the business transactions, in accordance with sections 4, 5, and 7 to 9.

If all relevant parties for the disposal are Hinode group companies, the Division in charge of transactions does not need to fill out the RFI Check Sheet or obtain a Note of Confirmation.

12.3 Disposal by Destruction

If an asset is to be destroyed within the country and you have no knowledge that the asset will be sent out of the country, the Company does not need to conduct an export control procedure. If the destruction will involve a cross-border shipment, the Division shall conduct disposal vendor or related entity screening using the same procedure as with business transactions, in accordance with sections 4, 5, and 7 to 9.

12.4 Resale or Retransfer of Imported Assets

If the asset was originally imported from another country and the Company has been informed by the exporter that a prior approval may be necessary for the sale or transfer of the asset pursuant to the conditions of an export license, the Division needs to follow such conditions before the asset disposal.

13. AUDIT

13.1 Self Audit

A self-audit shall be conducted within the Company once a year under the supervision of a person appointed by the [Title of President] with respect to the implementation of this Policy. The results of the audit shall be reported to the [Title of President]. If [Name of supervising company] or Hinode, Ltd. conducts an audit of the Company, it is not mandatory to conduct a self-audit that year.

13.2 Cooperation for Audit

Each Division shall cooperate with any audits that [Name of supervising company], Hinode or any relevant authority conducts in relation to the Company's export control system and procedures. If any inadequacies are found in the audit and recommendations for improvement are made by the auditor, the Company shall take the necessary measures to implement them.

13.3 Corrective Actions

After an audit report is issued, the Division shall implement the audit recommendations. The Corporate Export Control Administrator should follow up by checking several transactions to verify that the new processes are adequately addressing the problems and mitigating areas of high risk or inadequate compliance.

Export Control Administrator(s) will report LCO about the audit reports and corrective actions in quarterly basis.

14. TRAINING

14.1 Conduct Training

The Corporate Export Control Administrator shall plan annual export control training and shall provide all management and employees with such training opportunity in order to promote the awareness and undertaking of the Company's Policy on export control and the Applicable Laws and Regulations. The export control training shall be conducted at least once a year and shall include:

- 1) Hinode's export control policies;
- 2) Export control laws and regulations, including the U.S. EAR; and
- 3) The Company's Policy and procedures.

14.2 Training Programs

Training programs should include the following:

- 1) Orientation for new staff;
- 2) Refresher courses for employees;
- 3) Awareness promotion for senior management; and
- 4) External seminars.

14.3 Recordkeeping of Training

A record of each training program (e.g., date, attendees, contents, training materials) shall be preserved by the Corporate Export Control Administrator or the Division that organizes such the program. The training records have to be shared by the LCO also in each quarter.

15. RECORDKEEPING

All relevant documentation relating to the transactions of the Products shall be preserved for at least [Retention period] years from the date of each transaction. Each Division shall be responsible for establishing and maintaining a digital method of recordkeeping that will ensure adequate control and accessibility.

Note: [Retention period] is 5 year in principle, that is a restriction period required under the U.S. EAR, but in case that such period is stipulated longer than 5 years in the local export control law or requirement of the secretary office of the supervising company, [Retention period] shall follow the longer one.

16. GUIDANCE TO SUBSIDIARY

The Company and LCO shall provide guidance to its supervising subsidiaries so that the subsidiary will comply with the Applicable Laws and Regulations. If the Company finds the subsidiary needs to conduct export control, the Company shall provide guidance to establish the subsidiary's export control organization and policy. In addition, the Company shall conduct export control training and periodic audits to ensure that the subsidiary complies with the Applicable Laws and Regulations.

17. DUE DILIGENCE

To identify potential and/or material issues, and prevent new violations, if the Company plans to acquire another company, the Company shall conduct due diligence in consultation with the [Secretary office of supervising company] of [Name of supervising company] and LCO

18. EMERGENCY REPORT

18.1 Report within Company

In case of any export compliance emergency regarding the Company's transactions (e.g., violation of export control laws and regulations, investigation by a government authority, report by the media), the Division in charge of transactions or any other relevant personnel shall immediately report it to their supervisor, Corporate/Division Export Control Administrator, General Manager, and/or [Title of President] and seek their guidance.

18.2 Report to Supervising Company

In case of the above-mentioned export compliance emergency, the Company shall promptly report it to [Secretary office of supervising company] of [Name of supervising company] and LCO immediately and seek their guidance.

The Company shall also report it to Corporate Export Control Unit of Hitachi Global Life Solutions, Inc.

18.3 Corrective Actions

If there are any non-compliance issues, the Company shall take corrective action appropriately. The Corporate Export Control Administrator initiates this action with the supervising company or the relevant divisions.

19. PENAL PROGRAM

Any employee who has violated any provision of this Policy or the Applicable Laws and Regulations will be subject to disciplinary action, which may include dismissal.

Annex 1 The COMPANY
END-USER/USE SCREENING FORM

Division:

No.

1. Customer and Product Information

	Name	Country/ Region	City/ State/ Address	Result of DPS Check
(1) Customer				() Not Listed () Listed (Code: _____)
(2) Exporter				() Not Listed () Listed (Code: _____)
(3) Importer				() Not Listed () Listed (Code: _____)
(4) End-User				() Not Listed () Listed (Code: _____)
Products/ Technologies		End-Use of Products		
Product Classification	1) Local Export Control Law: () Not Controlled / () Controlled (No. _____) 2) EAR: (i) () Not Subject to EAR / () Subject to EAR [If Subject, fill in (ii).] (ii) () EAR99 / () Controlled (ECCN: _____) (Product Classification Sheet or Table to be attached)			

Note: 1) In case of domestic transaction, fill in "N/A" in the Name column of (2) and (3).

2) In case there are other parties involved in the transaction, add lines for such parties.

2. Check List (For each item, check "YES" or "NO".)

#	Check Items	YES	NO
1	●The government authority informed us that an export license is required.		
2	●Product is controlled under export control laws and an export license is required.		
3	●We know or suspect that the customer, end-user, any other relevant party, or end-user is related to weapons of mass destruction (i.e., nuclear, chemical, or biological weapons or missiles).		
4	●We know or suspect that the customer, end-user, any other relevant party, or end-user is related to conventional weapons or the military.		
5	●Customer, end-user, or any other relevant party is a military or defense agency.		
6	●The destination of the products or the customer, end-user, or any other relevant party is located in a country of concern (i.e., Cuba, Iran, Iraq, North Korea, Sudan, Syria).		
7	●Customer, end-user, or any other relevant party is listed on the DPS.		
8	▲ Destination is one of the special sanction countries/ regions (i.e. Russia, Crimea).		
8	▲ Product is intended for military end use or military end user in China, Russia or Venezuela. (See Annex 2)		
10	Customer declined to sign NOC. [() NOC clause is included in the contract. () Sent "Notification of Export Control".]		
11	There is one or more "YES" replies on the RFI Check Sheet.		
12	There are other concerns in the transaction. [If YES, describe the reason: _____]		

Division in Charge of Transactions: Comments	
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Note: If any of Check Items with a ● mark is "yes", [abbreviated title of President]'s and LCO's approval is required.

If any Item with a ▲ mark is "yes", Corporate Export Control Administrator's and LCO's review is required.

APPROVAL ROUTE						
Date Signature	Date Signature	Date Signature	Date Signature	Date Signature	Date Signature	Date Signature

[President] IF REQUIRED	CORP. EXP. ADMIN. (Review IF REQUIRED)	DIV GM	DIV EXP. ADMIN	DEPT MGR	PERSON IN CHARGE	PERSON IN CHARGE
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RFI CHECK SHEET

Following are examples of “red flag indicators” that indicate the export may be destined for an inappropriate end-use, end-user, or destination and thus should at least raise suspicions about an inquiry or order:

Note: When you provide items to a supplier, you shall use this check sheet by deeming the supplier as the customer.

	Yes	No
1. The customer is reluctant to offer information about the end use of the items.		
2 . The customer or its address is similar to one of the parties on the DPS.		
3. The product’s capabilities do not fit the buyer’s line of business. For example, a small bakery places an order for several sophisticated lasers.		
4. The product orders are incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country with no electronics industry.		
5 . The customer has little or no business background.		
6 . The customer is unfamiliar with the product’s performance characteristics but still wants the product.		
7. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, or export.		
8 . Routine installation, training, or maintenance services are declined by the customer.		
9 . Unusually favorable payment terms, such as a higher price and/or lump-sum cash payments, are offered.		
10 There are requests for excessive spare parts or a lack of interest in any spare parts.		
11. The installation site is an area under strict security control, to which access is severely restricted, is unusual for the type of equipment being installed, or is an uncertain area.		
12. A freight forwarding firm is listed as the product’s final destination.		
13 . Unusual shipping, packaging, or labelling arrangements are requested.		
14 . Delivery dates are vague, or deliveries are planned for out of the way destinations.		
15. There are other unusual or suspicious features about the transaction		

The validity of this Form is one year from the date of approval.

Annex 2

Notes to End-User/Use Screening Form

1. Before Filling in Screening Form

(1) Use the latest form

Please use the latest version of screening form. If you use the old form which does not reflect changes of laws and regulations or Policy, your screening may not be sufficient. To obtain the latest form, please contact Export Control Administrator.

2. 1. Customer and Product Information

(1) Enter formal name

When filling in the names of parties (e.g. customer, end-user), please write formal name and avoid entering abbreviation to prevent misunderstanding or ambiguity.

(2) End-Use of Products

Please fill in the end-use of products (or technology/software) to be exported or provided. Do not write the function of the products. For example, if the products are computer systems, please write "payroll calculation" instead of "calculation" which is a function of computer systems.

(3) Product Classification – Domestic transfer

In case of domestic transfer, it is not mandatory to fill in the classification. However, you need to confirm if the product is restricted to transfer within the country due to license condition (e.g. individual export license from Japan, ITAR control) as stipulated in the Policy.

3. 2. Check List

(1) Please check "Yes" or "No" to all of the check items in the list.

(2) If there is/are "Yes" to any item(s) with ● mark, approval of [abbreviated title of President] and LCO is required to proceed the transaction.

(3) If there is/are "Yes" to any item(s) with ▲ mark, consultation with Corporate Export Control Administrator of [Name of supervising company] and is required.

(4) If there is/are "Yes" to any item(s) without ●/▲ mark, please proceed the screening with extra caution.

(5) As for Check Item No.9, "military end user" means the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations, or any person or entity whose actions or functions are intended to support "military end uses". (See EAR 744.21)

4. RFI Check Sheet

(1) Please check "Yes" or "No" to all of the questions in the sheet.

(2) If there is/are "Yes" to any question(s), please conduct the screening with extra caution. It does not necessarily mean you cannot proceed with that transaction, but you need to carefully review the screening result in depth.

NOTE OF CONFIRMATION

We represent and warrant that we shall not use any products, software, and/or technology relating thereto provided by the Company to us under this contract and any other products, software, and/or technology manufactured or developed by using them (hereinafter called, "PRODUCTS") for the purposes of disturbing international peace and security, including (i) the design, development, production, stockpiling, or any use of weapons of mass destruction, such as nuclear, chemical, or biological weapons or missiles, (ii) other military activities, or (iii) any use supporting these activities.

We also represent and warrant that we shall not sell, export, dispose of, license, rent, transfer, disclose, or otherwise provide the PRODUCTS to any third party, directly or indirectly, with knowledge or reason to know that the third party or any other party will engage in the activities described above. We shall obtain these same representations and warranties from any third party to whom we sell, export, dispose of, license, rent, transfer, disclose, or otherwise provide the PRODUCTS.

Furthermore, we shall not directly or indirectly export, reexport, transship, or otherwise transfer the PRODUCTS in violation of any applicable export control laws and regulations promulgated and administered by the governments of the countries asserting jurisdiction over the parties or transactions.

Signature: _____
Name: _____
Title: _____
Company: _____
Address: _____

Date: _____

NOTIFICATION OF EXPORT CONTROL

This is the notification that you should keep the following:

1. You shall not use any products, software and/or technology relating thereto provided by the Company to you under this contract and any other products, software and/or technology manufactured or developed by using them (hereinafter called, "PRODUCTS") for the purposes of disturbing international peace and security, including (i) the design, development, production, stockpiling or any use of weapons of mass destruction such as nuclear, chemical or biological weapons or missiles, (ii) the other military activities, or (iii) any use supporting these activities.
2. You shall not sell, export, dispose of, license, rent, transfer, disclose or otherwise provide the PRODUCTS to any third party whether directly or indirectly with knowledge or reason to know that the third party or any other party will engage in the activities described above. You shall obtain these same representations and warranties from any third party to whom it sells, exports, disposes of, licenses, rents, transfers, discloses or otherwise provides the PRODUCTS.
3. You shall not directly or indirectly, export, re-export transship or otherwise transfer the PRODUCTS in violation of any applicable export control laws and regulations promulgated and administered by the governments of the countries asserting jurisdiction over the parties or transactions.

Thank you for your cooperation.

General Manager
The Company
Date:_____

EXPORT CONTROL CONFIRMATION ON PROPOSED PRODUCTS

To: the Company

Address: [Address of Hinode Group Company]

In light of the requirements of export control regulations of our country and the exporter's country and the U.S. EAR (Export Administrations Regulations), we confirm that the product proposed in the quotation (or bid or tender) can be exported to the end-user and guarantee that:

- (1) The product is not U.S. origin and is not and will not be subject to the U.S. EAR and does not and will not contain any U.S. origin items;
- (2) The product is not controlled items (i.e., not on the controlled items list) under the export control regulations of our country and the exporter's country; and
- (3) Any export license for the product would not be required.

Proposed product: _____

Project: _____

End User and the Country: _____

Signature: _____

Name: _____

Title: _____

Company: _____

Address: _____

Date: _____

SIMPLE-OPERATION
GLOBAL
SANCTIONS AND
EXPORT CONTROLS
POLICY

ARCELIK HITACHI HOME APPLIANCES
GLOBAL SANCTIONS AND EXPORT CONTROLS POLICY

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ARCELIK HITACHI HOME APPLIANCES
SANCTIONS AND EXPORT CONTROLS COMPLIANCE PROGRAM
STATEMENT OF POLICY

Arçelik Hitachi Home Appliances (the “Company”) shares the concerns of international community on the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons, so we must comply with the all applicable export control laws and regulations. To this end, we will exercise export control due diligence against any possible illicit transactions and do our part to contribute to the maintenance of international peace and security. We must ensure that no items are provided to any country or any entity in violation of the above laws and regulations.

In order to achieve strict compliance, the Company has prepared and implemented its own Sanctions and Export Controls Policy . Understanding and implementing this Policy is a requirement of every employee and is considered an implicit part of his/her job responsibilities.

Failure to comply with this Policy could lead to, but is not limited with, the following:

- Imprisonment of employees (as a result of violation of certain Sanctions);
- Significant financial penalties for both the Company and their employees;
- Adverse public reputation;
- Loss of business;
- Cancellation of incentives;
- Termination of agreements;
- Fall in stock prices;
- Poor or no access to international financing;
- Credit recall;
- Seizure of the Company’s assets.

As a violation of export control laws and regulations can carry significant penalties to the Company, any employee who knowingly violates these regulations will be subject to disciplinary action, up to and including dismissal. If any employee has reason to believe that any violation of the applicable export control laws and regulations or this Policy has occurred or is about to take place, he/she should report the circumstances immediately to his/her supervisor, Global Legal and Compliance Department and to the Corporate Export Control Administrator. Until the situation is resolved, no business transaction or shipment to the customer in question should take place.

[Signature by President]

[Name of President]

[Title of President]

The Company

Date: _____

1. PURPOSE & APPLICABILITY

1.1 Purpose

The purpose of this sanctions and export controls compliance program is to ensure export control compliance within the Company.

1.2 Applicability

(1) This Policy shall have the utmost priority among the Company's policies and it shall apply to all divisions ("Divisions") of the Company in all locations.

(2) This Policy applies to all transactions of the Company's Products. Information that is not related to the development, production, or use of an item or information that is publicly available, is not subject to this Policy

2. DEFINITIONS

2.1 Company

"Company" means Arçelik Hitachi Home Appliances and its following subsidiaries; Arcelik Hitachi Taiwan Home Appliances Sales Ltd., Arcelik Hitachi Home Appliances Sales (Thailand) Ltd., Arcelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd. and PT. Arcelik Hitachi Home Appliances Sales Indonesia.

2.2 Division

"Division" means any division of the Company. If there is any sector (e.g., department, group) that does not belong to a Division, such a sector shall be treated as a Division in this Policy.

2.3 [Title of President]

"[Title of President]" means the [Title of President] of the Company.

2.4 General Manager

"General Manager" means the General Manager of a Division. If no General Manager is appointed in a Division, it shall mean the Manager of such Division having responsibilities comparable to those of a General Manager.

2.5 Applicable Laws and Regulations

"Applicable Laws and Regulations" means the relevant export control laws and regulations, including those of any third country, that affect any of the Company's transactions of any Items.

Note: In certain cases, foreign subsidiaries owned or controlled by U.S. companies must comply with Office of Foreign Assets Control (OFAC). OFAC imposes broad restrictions on exports, imports, and other forms of doing business with sanctioned countries and entities for U.S. Even though non-U.S. persons (entity) handles non-EAR items, transaction for sanction countries (i.e. Iran, Russia) might be subject to OFAC restrictions as secondary sanctions.

2.6 Item

"Item" means any commodity, technology, or software.

2.7 List-Controlled Item

A "List-Controlled Item" means an Item listed as being controlled in the relevant annexes/schedules of the Applicable Laws and Regulations. A "Non-List-Controlled

Item” means an Item not listed in the above-mentioned annexes/schedules.

2.8 Export

Generally, an “export” means:

- (1) an actual shipment or transmission of items out of a country;
- (2) any written, oral, or visual release or disclosure of technology or software to a Foreign Person either in a country or outside of such country; or
- (3) any actual use or application of technology on behalf of or for the benefit of any foreign entity or person anywhere.

See “Export” definition under the applicable export control laws and regulations.

2.9 Indirect export

In a domestic transaction, if the Company knows prior to shipment that the items will subsequently be exported from the country, or that the end-user is located outside the country (another country), then the transaction will be regarded as an indirect export.

2.10 Transaction

“Transaction” means a sales or provision of Products, including Company activities to allow using those Products. A transaction includes non-revenue activities other than sales.

2.11 Product

“Product” means any commodity, technology, or software, including any material, part, or component that is sold or supplied by the Company.

2.12 DPS

“DPS” means Denied Party Screening which is the process of identifying whether or not Business Partners of the Company and Group Companies are listed in global lists for restricted persons, embargoed countries, and companies that are owned by these denied entities. Screening will be conducted including, but not limited to the lists as the following:

- 1) Japanese Foreign End User List;
- 2) U.S. Denied Persons List;
- 3) U.S. Entity List;
- 4) U.S. Specially Designated Nationals List;
- 5) U.S. Unverified List;
- 6) U.S. Non-proliferation Sanctions List, such as NPWMD, INKSA, CBW;
- 7) German Proliferator Concerns List;
- 8) European Union Sanctions List; and
- 9) United Nations Sanctions List.

2.13 Business Partner

“Business Partner” means suppliers, distributors, authorized service providers, representatives, independent contractors and consultants.

2.14 RFI

“RFI” means request for information.

3. EXPORT CONTROL ORGANIZATION

3.1 Highest Responsibility

The [Title of President] of the Company shall assume the highest responsibility of the Company's compliance with the Applicable Laws and Regulations. The [Title of President] shall issue statement of policy. Top-down support is necessary for the success of full compliance to this Policy.

3.2 Corporate Export Control Administrator

The [Title of President] shall appoint a Corporate Export Control Administrator. The Corporate Export Control Administrator shall coordinate the Company's corporate export control program.

3.3 Responsibilities of the Corporate Export Control Administrator

Responsibilities of the Company's Corporate Export Control Administrator shall include, but not be limited to, the following:

- 1) Maintain the Policy
- 2) Share export control related information within the Company, including revisions of Applicable Laws and Regulations and notifications from the supervising company
- 3) Provide assistance to export control functions
- 4) Review the end-user/end-use screening, if required
- 5) Determine whether an export license is required
- 6) Plan and conduct audits and training
- 7) Report the Company's export control status and all non-compliance issues to the [Title of President] and Legal and Compliance Officer (LCO)

3.4 Report of Export Control Status

The Corporate Export Control Administrator shall report the Company's export control status to the [Title of President] at least once a year. The report can be made at the Company's management meeting attended by the [Title of President]. The [Title of President] shall review the report and instruct the Corporate Export Control Administrator to take appropriate measures, if necessary.

3.5 Responsibilities of the General Manager

The General Manager of each Division shall be responsible for that Division's export compliance. The General Manager shall appoint a Division Export Control Administrator to coordinate the export control related issues of the Division.

3.6. Responsibilities of the Legal and Compliance Officer ("LLCO")

LLCO is responsible for ensuring the proper administration of the Program by reviewing and following up the progress of compliance implemented by the Export Control Administrator(s), across the Company and monitoring and assessing the effectiveness of the internal controls and procedures that are intended to ensure compliance with the requirements of the Policy.

Any violation/potential violation of this Policy must be escalated to the LCO immediately by the Export Control Administrator(s).

3.6 Division Export Control Procedure

If necessary, a Division Export Control Procedure shall be established by the Division Export Control Administrator and shall be approved by the General Manager and LCO. In addition, the General Manager shall ensure that the Procedures are observed by the Division personnel.

4. PRODUCT CLASSIFICATION

4.1 Confirm Product Classification

Product classification is required for export license determination. If the Company exports, directly or indirectly, the Division in charge of transactions shall confirm the product classification prior to export (e.g. Export Control Classification Number (ECCN) under the Applicable Laws and Regulations and whether the product is subject to the U.S. Export Administration Regulations (EAR). In addition, the Division in charge of transactions shall confirm whether it is necessary to obtain an export license based on the product classification.

Even for domestic transfers, the Division in charge of transactions shall confirm whether the Product is restricted to transfer within the country due to license conditions (e.g., restricted encryption product under EAR, individual export license from Japan, ITAR control). In case of transferring any restricted Product, the Division in charge of the transaction needs to consult with the Corporate Export Control Administrator to confirm the appropriate process.

4.2 Check or Obtain Product Classification Information

In order to confirm the product classification, the Division in charge of transactions shall check the classification table stipulated in section 4.5 or obtain the product classification information from the Division in charge of design or its supplier.

4.3 Classify Product

When the Company develops or designs the Product, the Division in charge of design shall classify the Company's Products to be exported against the control list of Applicable Laws and Regulations. The Company can ask the supervising company or the relevant authority to support the classification, if necessary. The General Manager of the Division in charge of design shall approve the result of the product classification.

4.4 Product Classification of Procurement Item

Prior to export, the Division in charge of transactions shall obtain the classification information from the supplier in writing. The Division in charge of transactions shall make its best effort to double check the supplier's classification information, since it is the exporter who assumes the responsibility for export compliance.

If the Company cannot obtain the classification information under the Applicable Laws and Regulations of the country/region where the Company is located from the supplier, the Division in charge of transactions shall classify the Product by itself based on the specification, with the support of [Name of supervising company] or the relevant authority, if necessary.

4.5 Classification Table

To streamline the confirmation of the product classification, the Division in charge of design can prepare the classification table which lists the classifications of the Products to be exported and which indicates whether they are List-Controlled Items. If the Division in charge of design cannot prepare the classification table due to circumstances of a transaction or product, the Division in charge of design shall classify the Products, as requested by the Division in charge of transactions.

The Division in charge of design can establish a classification table in a format similar to the following sample. All Products listed on the classification table shall be classified against the Applicable Laws and Regulations, including the U.S. EAR. It shall be approved by the General Manager and the Division Export Control Administrator of the design Division.

It shall be the responsibility of the Division in charge of design to keep the latest classification information on the table. For example, when a control list in the Applicable Laws and Regulations is revised, the Division in charge of design shall confirm whether it is necessary to revise the classification table. If it is necessary to revise the classification table, the Division in charge of design shall revise it accordingly.

.....
 (Sample Classification Table)

Division:		Date:	Approved by:	Prepared by:
No	Product	[Country Name] Law	U.S. EAR	Japanese Law (Reference)
1	TV-01	Not controlled	Subject to the EAR (EAR99)	Not controlled
2	Valve-01	Controlled (2B350)	Not subject to the EAR	Controlled (List1-3(2),2-2-7)
3	IC-01	TBD(*)	TBD(*)	N/A (Not Japanese product)

*You can input TBD, because there is no plan to export at this moment. If you export it, you need to confirm or classify the ECCN PRIOR TO export.

5. END-USER/USE SCREENING

5.1 End-User/Use Screening

Before starting any transaction, end-user/use screening shall be conducted on a transactional basis.

Note: If there is more than one shipment under one contract, you can screen the end-user/use on a contractual basis. This screening needs to cover all relevant entities and Products.

For Hinode group companies, transactions destined for the Hinode Prohibited Country shown below is prohibited. If any of the relevant parties is located in Hinode's Designated 21 Countries below (excluding the Hinode Prohibited Country), the Company shall conduct end-user/use screening with extra caution considering the applicable regulations or the background of concern.

Hinode Prohibited Country: North Korea

Hinode Designated 21 Countries/ Region

Country/ Region	(1)	(2)	(3)	(4)	(5)	(6)
Afghanistan	X					
Central African Republic	X					
People's Republic of China				X		
Democratic Republic of Congo	X					
Crimea (Ukraine)					X	
Cuba		X (E2)				
North Korea	X	X (E1)	X			
India			X			
Iran		X (E1)			X	
Iraq	X					
Israel			X			
Lebanon	X					
Libya	X					
Pakistan			X			
Russia				X	X	
Sudan	X	X (E1)				
South Sudan	X					
Somalia	X					
Syria		X (E1)				
UAE						X
Venezuela				X		

(1) UN Arms Embargo Countries

(2) EAR Group E1 (Terrorist Supporting Countries), E2 (Unilateral Embargo)

(3) Non-signatories of the NPT (Treaty on Non-Proliferation of Nuclear Weapons)

(4) Military End Use Restriction

(5) Special Sanction

(6) Diversion Risk to Iran

5.1.1 Screening for Direct or Indirect Export Transaction

The Division in charge of transactions shall fill out the End-User/Use Screening Form and the RFI Check Sheet (hereafter "Screening Check Forms") against the customer, end-user, and other relevant parties, as attached to this Policy in Annex 1, and check whether the customer, end-user, or other relevant party is listed on the DPS.

If the importer, the end-user and other relevant parties are Hinode group companies the Division in charge of transactions does not need to fill out the RFI Check Sheet.

5.1.2 Screening for Domestic Transaction

The Division in charge of transactions shall fill out the End-User/Use Screening Form against the customer, end-user, and other relevant parties, as attached to this Policy in Annex 1, and check whether the customer, end-user, or other relevant party is listed on the DPS.

This includes the in-country transfer direction in which the product is delivered directly from the supplier to the customer or end-user within the same country. When the Company instructs the supplier to transfer the Product within a country, the Division

in charge of transactions needs to check in the same manner, even though the Company does not transfer any Products by themselves.

If the end-user is a Hinode group company or the customer is trading products for mass consumption (hereafter “B2C products”) only, the Division in charge of transactions does not need to fill out the RFI Check Sheet.

If all relevant parties, including the customer and end-user, are Hinode group companies or are trading B2C products only, the Division in charge of transactions can visually check the End-User/Use Screening Form. If any of the results falls under the conditions stipulated in section 5.2, the Division in charge of transactions shall fill out the Screening Check Forms against the customer, end-user, and other relevant party, as attached to this Policy in Annex 1.

Hinode group companies do not need to be checked against the DPS.

5.2 Additional Review, Approval, and Escalation for Screenings

All Screening Check Forms shall be approved by the General Manager of the Division in charge of transactions. If the transaction meets any of the following, the Division in charge of transactions shall consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO on whether the business can proceed or not before the [Title of President] approves the transactions. The Division in charge of transactions shall then obtain approval of the [Title of President] and LCO on the End-User/Use Screening Form after the Corporate Export Control Administrator confirms it.

- 1) The government authority informed us that an export license is required for the transaction.
- 2) Product is controlled under the applicable export control laws and regulations, and an export license is required for the transaction.
- 3) We, the Company, know or suspect that the customer, end-user, any other relevant party, or end-use is involved with weapons of mass destruction (i.e., nuclear, chemical, or biological weapons or missiles).
- 4) We, the Company, know or suspect that the customer, end-user, any other relevant party or end-use is related to conventional weapons or the military.
- 5) Customer, end-user, or any other relevant party is a military or defense agency.
- 6) The destination of the products or the customer, end-user, or any other relevant party is located in a country of concern (i.e., Cuba, Iran, Iraq, North Korea, Sudan, Syria).
- 7) Customer, end-user, or other relevant party is listed on the DPS.

If any of the relevant parties is located in special sanction countries/regions (i.e., Russia, Crimea), the Division in charge of transactions shall conduct the end-user/use screening in depth, and consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO on whether the business can proceed or not.

In addition, if the product is intended for military end use or military end user in China, Russia or Venezuela, the Division in charge of transactions shall consult with the Corporate Export Control Administrator of [Name of supervising company] and LCO

on whether the business can proceed or not in consideration of the license requirement of the U.S. Government in accordance with EAR 744.21.

5.3 Repeat Transaction

Repeat transaction means a repeat order to an existing customer under a Master Agreement (e.g., stocking operation to a reseller).

If a repeated transaction does not have any change (e.g., relevant party, business route, check result of the DPS, product, product classification, end-use, or any Check Item in Check List of Annex 1 changes from No to Yes) on the valid Screening Check Forms that was already approved, the Division in charge of transactions can proceed with the transaction without an additional end-user/use screening. This screening needs to cover all relevant entities and Products. However, for every repeat transaction, the Division in charge of transactions shall check whether the customer, end-user, or other relevant parties are listed on the DPS. If any of the information on the Screening Check Forms changes, the Division in charge of transactions shall conduct an end-user/use screening again.

5.4 Validity of Screening

The Screening Check Forms are valid for one year from the date of approval. Once fully implemented DPS system will repeat the screening automatically on daily basis. If the Screening Check Forms have expired and the Division in charge of transactions continues to do business, the Screening Check Forms should be resubmitted for approval.

6. BROKERING SCREENING

6.1 Brokering Transaction Screening

Brokering means buying or selling, or arranging or negotiating transactions, for the purchase, sale, or supply, of items located in a third country for transfer to another third country. The brokering of items will require a license when the broker has been informed that the items are, or may be intended for, a WMD End Use.

If the Division in charge of transactions conducts a brokering transaction, it shall screen it as an export transaction, in accordance with sections 5 and 7 to 9.

6.2 Confirming License Requirement for Brokering

The Division in charge of transactions shall confirm whether the brokering transaction requires a license under the Applicable Laws and Regulations, including the U.S. EAR. If a license is required for the brokering transaction, the Division in charge of transactions shall obtain the license appropriately.

6.3 Confirming Product Classification Under the U.S. EAR

In the event that the Company's designated supplier makes a drop shipment destined for a U.S. embargoed country (i.e., Cuba, Iran, North Korea, Sudan, Syria) of the products that the Company purchases, to avoid any violation under the strict special export controls to these countries by the U.S. and other countries, the Division in charge of transactions shall conduct the necessary confirmation and screening in advance. In such case, it is necessary for the Division in charge of transactions to confirm the following points by getting the Export Control Confirmation On Proposed Products in the Annex 5 from such supplier:

- 1) The Products are not subject to the EAR;
- 2) The Products are Non-List-Controlled Items under the Applicable Laws and Regulations of the supplier's and the exporter's country; and
- 3) Any export license for the Products would not be required for the transaction.

7. PREVENTION OF IMPROPER RESALE AND END-USE

7.1 Obtaining Customer's Confirmation

If a transaction meets any of the conditions stipulated in section 5.2, the Division in charge of transactions shall obtain the customer's confirmation before transacting any Product with a customer or supplier. If an end-user is a Hinode group company the Division in charge of transactions does not need to obtain the customer's confirmation.

If the relevant authorities request a customer's confirmation, the Division in charge of transactions shall obtain it accordingly.

7.2 Note of Confirmation (NOC)

A sample NOC is attached to this Policy as Annex 3. If a relevant sales agreement with a customer includes articles that are described in the "Note of Confirmation (NOC)" as in Annex 3, there is no need to obtain an additional NOC.

If an NOC cannot be obtained from a customer, the Division in charge of transactions shall send the customer a notification that contains the provisions of the NOC and keep a copy of the notification in its records. However, the Division first needs to make its best effort to obtain an NOC from the customer. The standard Notification is attached to this Policy as Annex 4.

8. EXPORT LICENSE

8.1 Obtaining Export License

If a license is required for the transaction of the Products, the Division in charge of transactions shall take appropriate steps to obtain any necessary license required by the local government, and the license required by the U.S. government as well. The Division in charge of transactions shall submit a license application form to the relevant authorities, together with any supporting documentation that may be required, in accordance with the Applicable Laws and Regulations. If a License Exception or a general license (bulk license) is applicable, the Division in charge of transactions shall confirm that such a license is valid for the export in question. If it is not, then the necessary license shall be obtained, as appropriate.

8.2 Terms and Conditions of Export License

The Division in charge of transactions shall ensure that the terms and conditions of the export license, under which the relevant Products are exported, are fully satisfied.

9. SHIPMENT CONTROL

9.1 Communication of Export Control Information

The Division in charge of transactions shall inform the Division in charge of shipment controls of the export control information that is necessary for shipment control.

9.2 Export of Commodity

If the Company exports any commodity, directly or indirectly, the Division in charge of shipment controls shall confirm the following 1) to 5) before shipment, in order to prevent any illegal export that violates the Applicable Laws and Regulations, including the U.S. EAR:

- 1) Re-confirm that the customer, end-user, or other relevant party is NOT listed on the DPS.
- 2) Screening Check Forms were approved appropriately;
- 3) An export license required for the export was obtained;
- 4) The License Exception or General License (Bulk License) is available for the export, if the Company exports under the License Exception or General License (Bulk License); and
- 5) Commodities that will be provided are the same as the Products described on the relevant export control documents.

9.3 Provision of Technology or Software

If the Company exports technology or software, or if it transfers technology or software to foreign nationals within the country, the Division that provides the technology or software shall confirm 1) to 5) in section 9.2 before the technology or software transfer is made, in the same way as an exportation of commodities, in order to prevent any illegal export in violation of the Applicable Laws and Regulations, including the U.S. EAR.

9.4 Provision of Technology or Software Over a Network

If the Company exports technology or software over a network, or if it transfers technology or software to foreign nationals within the country over a network, including by email or other means, the technology or software that will be provided shall not be List-Controlled Items under the Applicable Laws and Regulations, including the U.S. EAR, and shall not be subject to an export license. If the Company provides controlled technology or software over a network, the Division in charge of provisions shall consult with the Corporate Export Control Administrator and seek his/her guidance.

9.5 Customs

If the Division in charge of transactions exports any commodity, including any medium that contains technology or software, the Division in charge of transactions shall carry out the applicable customs procedures and obtain export authorization from customs. If the Company uses international mail, international postal package, an international courier service, or similar transport service when the Company exports List-Controlled Items to a foreign country, the Company shall instruct the carriers to submit an export declaration, as required.

9.6 Recordkeeping of Export Under a License

If the Division in charge of transactions exported under an export license, the Division in charge of transactions shall keep a record of the export under that export license.

10. U.S. EXPORT ADMINISTRATION REGULATIONS (EAR) AND OTHER REGULATIONS

10.1 Hinode Policy for the EAR

It is the policy of Hinode group to comply with the U.S. EAR. The U.S. EAR has extra-territorial effect. Not only exports from the U.S., but also reexports from non-U.S. countries and domestic transactions out of the U.S. for Items subject to the EAR could be restricted. Items subject to the EAR are i) U.S.-origin Items, wherever located, ii) non U.S.-origin Items incorporating U.S.-origin items over a certain ratio, iii) non U.S.-origin Items which are manufactured with certain controlled U.S. origin technology or software, and iv) non U.S.-origin Items that are physically in the U.S.

10.2 Introduction to the EAR

The U.S. EAR requires List Control and Catch-All Control as well as the various other restrictions, such as export prohibition to the embargoed countries. It is also prohibited to export or have transactions with the parties on the Denied Persons List or Entity List, if the items are subject to the EAR. For more information, please contact the Corporate/Division Export Control Administrators, or refer to the website of Bureau of Industry and Security (BIS), U.S. Department of Commerce as below.
<http://www.bis.doc.gov/>

10.3 Reexport

Reexport means an actual shipment or transmission of items subject to the EAR from one foreign country (i.e., outside of the U.S.) to another foreign country.

10.4 Deemed Reexport

A deemed reexport is any release of technology or source code subject to the EAR to a foreign national, except having the country's permanent resident status, within the country. Such a release is deemed a reexport to the home country or countries of the foreign national. The deemed reexport rule is designed to restrict the transfer of controlled technology within the country. A "release of technology" occurs when technology is transferred to a company or individual through:

- 1) Disclosure of technical information by documents or other media; or
- 2) Visual inspection of US-origin equipment and facilities by foreign nationals;
- 3) Oral exchanges of information (e.g., training) within the country or abroad; or
- 4) The application to situations abroad of personal knowledge or technical experience acquired in the United States.

See also EAR Part 734.14.

10.5 Confirming License Requirement

If a license from the U.S. government under the applicable U.S. laws and regulations is required for a transaction, the Division in charge of transactions shall obtain such a license, even when the Company reexports from non-U.S. country.

10.6 Antiboycott (ONLY for subsidiary of U.S. company)

Part 760 of the U.S. EAR requires U.S. companies to refuse to participate in foreign boycotts that the U.S. Government does not sanction. U.S. companies are also

prohibited from cooperating with trade embargoes implemented by foreign governments that run counter to U.S. policy. Under certain circumstances, U.S. companies must report boycott requests to the Bureau of Industry and Security (BIS).

If the Company receives a request to participate in a foreign boycott while conducting an export or export-related transaction, it must first refrain from cooperating with the boycott request. The Company shall notify its supervising company of the request and seek their guidance.

Note: This part applies to any “*United States person*”, which means any person who is a United States resident or national, including individuals, domestic concerns, and “controlled in fact” foreign subsidiaries, affiliates, or other permanent foreign establishments of domestic concerns.

See also EAR Part 760.

10.7 International Traffic in Arms Regulations (ITAR) controls

The U.S. Department of State is another agency heavily involved in export controls. It controls exports of defense related articles, technical data, and services, as well as transfer (in-country), temporary imports, and brokering of defense items. If any Division engages in military-related procurement and activities, the Division must be aware of ITAR controls. When the Division signs any agreement related to ITAR (e.g., TAA (Technical Assistance Agreement)) or finds that the documents show ITAR, the Division must consult the Corporate Export Control Administrator and LCO in advance to comply with the applicable conditions.

Note: If the item is designed or modified for military or defense, then the item may fall under ITAR, even though it is not related to a military item.

11. **NON-REVENUE EXPORT ACTIVITIES**

Each Division shall ensure compliance with the EAR and Applicable Laws and Regulations, even for activities other than sales. If the Division exports, directly or indirectly, any Product by activities other than sales, the Division in charge of transactions shall conduct the procedure as an export transaction, in accordance with sections 4, 5, and 7 to 9. Such activities include, but are not limited to, the following:

- 1) Providing any Products to a supplier, subcontractor, or business partner;
(In this case, even for domestic transactions, the Company shall conduct an export compliance procedure, in accordance with sections 4, 5, and 7 to 9.)
- 2) Sending technical documents or information (e.g., manual, drawing, specification) or software to foreign countries/nationals by any means (e.g., courier, hand-carry, email, Internet download, fax);
- 3) Disclosure of technical information to foreign nationals;
- 4) Presentation of technical papers at a meeting abroad;
- 5) Exhibiting products or technical materials at an exhibition abroad;
- 6) Sending prototypes, samples, or Products free of charge to foreign countries;
- 7) Bringing equipment as tools of the trade (e.g., measuring equipment) to a foreign country;
- 8) Bringing parts or components by hand-carry to a foreign country; or
- 9) Disclosure of technical information to foreign nationals during a guided tour of a factory/site within the country or domestically.

In case of an asset disposal, the Company shall conduct an export control procedure in accordance with the section 12.

12. ASSET DISPOSAL

12.1 Purpose

Each Division shall ensure compliance with the Applicable export control Laws and Regulations for the disposal of the Company's assets (e.g., OA equipment, machines, facilities, parts, finished products, semi-finished products).

12.2 Disposal by Sale or Donation

If the asset disposal is done by sale or donation, the Division in charge of transactions shall conduct the same procedures as with the business transactions, in accordance with sections 4, 5, and 7 to 9.

If all relevant parties for the disposal are Hinode group companies, the Division in charge of transactions does not need to fill out the RFI Check Sheet or obtain a Note of Confirmation.

12.3 Disposal by Destruction

If an asset is to be destroyed within the country and you have no knowledge that the asset will be sent out of the country, the Company does not need to conduct an export control procedure. If the destruction will involve a cross-border shipment, the Division shall conduct disposal vendor or related entity screening using the same procedure as with business transactions, in accordance with sections 4, 5, and 7 to 9.

12.4 Resale or Retransfer of Imported Assets

If the asset was originally imported from another country and the Company has been informed by the exporter that a prior approval may be necessary for the sale or transfer of the asset pursuant to the conditions of an export license, the Division needs to follow such conditions before the asset disposal.

13. AUDIT

13.1 Self Audit

A self-audit shall be conducted within the Company once a year under the supervision of a person appointed by the [Title of President] with respect to the implementation of this Policy. The results of the audit shall be reported to the [Title of President]. If [Name of supervising company] or Hinode, Ltd. conducts an audit of the Company, it is not mandatory to conduct a self-audit that year.

13.2 Cooperation for Audit

Each Division shall cooperate with any audits that [Name of supervising company], Hinode or any relevant authority conducts in relation to the Company's export control system and procedures. If any inadequacies are found in the audit and recommendations for improvement are made by the auditor, the Company shall take the necessary measures to implement them.

13.3 Corrective Actions

After an audit report is issued, the Division shall implement the audit recommendations. The Corporate Export Control Administrator should follow up by checking several transactions to verify that the new processes are adequately addressing the problems and mitigating areas of high risk or inadequate compliance.

Export Control Administrator(s) will report LCO about the audit reports and corrective actions in quarterly basis.

14. TRAINING

14.1 Conduct Training

The Corporate Export Control Administrator shall plan annual export control training and shall provide all management and employees with such training opportunity in order to promote the awareness and undertaking of the Company's Policy on export control and the Applicable Laws and Regulations. The export control training shall be conducted at least once a year and shall include:

- 1) Hinode's export control policies;
- 2) Export control laws and regulations, including the U.S. EAR; and
- 3) The Company's Policy and procedures.

14.2 Training Programs

Training programs should include the following:

- 1) Orientation for new staff;
- 2) Refresher courses for employees;
- 3) Awareness promotion for senior management; and
- 4) External seminars.

14.3 Recordkeeping of Training

A record of each training program (e.g., date, attendees, contents, training materials) shall be preserved by the Corporate Export Control Administrator or the Division that organizes such the program. The training records have to be shared by the LCO also in each quarter.

15. RECORDKEEPING

All relevant documentation relating to the transactions of the Products shall be preserved for at least [Retention period] years from the date of each transaction. Each Division shall be responsible for establishing and maintaining a digital method of recordkeeping that will ensure adequate control and accessibility.

Note: [Retention period] is 5 year in principle, that is a restriction period required under the U.S. EAR, but in case that such period is stipulated longer than 5 years in the local export control law or requirement of the secretary office of the supervising company, [Retention period] shall follow the longer one.

16. GUIDANCE TO SUBSIDIARY

The Company and LCO shall provide guidance to its supervising subsidiaries so that the subsidiary will comply with the Applicable Laws and Regulations. If the Company finds the subsidiary needs to conduct export control, the Company shall provide guidance to establish the subsidiary's export control organization and policy. In addition, the Company shall conduct export control training and periodic audits to ensure that the subsidiary complies with the Applicable Laws and Regulations.

17. DUE DILIGENCE

To identify potential and/or material issues, and prevent new violations, if the Company plans to acquire another company, the Company shall conduct due diligence in consultation with the [Secretary office of supervising company] of [Name of supervising company] and LCO

18. EMERGENCY REPORT

18.1 Report within Company

In case of any export compliance emergency regarding the Company's transactions (e.g., violation of export control laws and regulations, investigation by a government authority, report by the media), the Division in charge of transactions or any other relevant personnel shall immediately report it to their supervisor, Corporate/Division Export Control Administrator, General Manager, and/or [Title of President] and seek their guidance.

18.2 Report to Supervising Company

In case of the above-mentioned export compliance emergency, the Company shall promptly report it to [Secretary office of supervising company] of [Name of supervising company] and LCO immediately and seek their guidance.

The Company shall also report it to Corporate Export Control Unit of Hitachi Global Life Solutions, Inc.

18.3 Corrective Actions

If there are any non-compliance issues, the Company shall take corrective action appropriately. The Corporate Export Control Administrator initiates this action with the supervising company or the relevant divisions.

19. PENAL PROGRAM

Any employee who has violated any provision of this Policy or the Applicable Laws and Regulations will be subject to disciplinary action, which may include dismissal.

ARCELIK HITACHI HOME APPLIANCES

END-USER/USE SCREENING FORM

Division: No.

1. Customer and Product Information

	Name	Country/ Region	City/ State/ Address	Result of DPS Check
(1) Customer				() Not Listed () Listed (Code:_____)
(2) Exporter				() Not Listed () Listed (Code:_____)
(3) Importer				() Not Listed () Listed (Code:_____)
(4) End-User				() Not Listed () Listed (Code:_____)
Products/ Technologies		End-Use of Products		
Product Classification	1)Local Export Control Law: ()Not Controlled / ()Controlled (No. _____) 2)EAR:(i)()Not Subject to EAR / ()Subject to EAR [If Subject, fill in (ii).] (ii)()EAR99 / () Controlled (ECCN: _____) (Product Classification Sheet or Table to be attached)			

Note: 1) In case of domestic transaction, fill in "N/A" in the Name column of (2) and (3).
 2) In case there are other parties involved in the transaction, add lines for such parties.

2. Check List (For each item, check "YES" or "NO".)

#	Check Items	YES	NO
1	●The government authority informed us that an export license is required.		
2	●Product is controlled under export control laws and an export license is required.		
3	●We know or suspect that the customer, end-user, any other relevant party, or end-use is related to weapons of mass destruction (i.e., nuclear, chemical, or biological weapons or missiles).		
4	●We know or suspect that the customer, end-user, any other relevant party, or end-use is related to conventional weapons or the military.		
5	●Customer, end-user, or any other relevant party is a military or defense agency.		
6	●The destination of the products or the customer, end-user, or any other relevant party is located in a country of concern (i.e., Cuba, Iran, Iraq, North Korea, Sudan, Syria).		
7	●Customer, end-user, or any other relevant party is listed on the DPS.		
8	▲Destination is one of the special sanction countries/ regions (i.e. Russia, Crimea).		
8	▲Product is intended for military end use or military end user in China, Russia or Venezuela. (See Annex 2)		
10	Customer declined to sign NOC. [() NOC clause is included in the contract. () Sent "Notification of Export Control".]		
11	There is one or more "YES" replies on the RFI Check Sheet.		
12	There are other concerns in the transaction. [If YES, describe the reason: _____]		

Division in Charge of Transactions: Comments	
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Note: If any of Check Items with a ●mark is "yes", [abbreviated title of President]'s and LCO's approval is required.

If any Item with a ▲ mark is "yes", Corporate Export Control Administrator's and LCO's review is required.

APPROVAL ROUTE						
Date	Date	Date	Date	Date	Date	Date

Signature	Signature	Signature	Signature	Signature	Signature	Signature
[President] IF REQUIRED	CORP. EXP. ADMIN. (Review IF REQUIRED)	DIV GM	DIV EXP. ADMIN	DEPT MGR	PERSON IN CHARGE	PERSON IN CHARGE

:

RFI CHECK SHEET

Following are examples of "red flag indicators" that indicate the export may be destined for an inappropriate end-use, end-user, or destination and thus should at least raise suspicions about an inquiry or order:

Note: When you provide items to a supplier, you shall use this check sheet by deeming the supplier as the customer.

	Yes	No
1. The customer is reluctant to offer information about the end use of the items.		
2. The customer or its address is similar to one of the parties on the DPS.		
3. The product's capabilities do not fit the buyer's line of business. For example, a small bakery places an order for several sophisticated lasers.		
4. The product orders are incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country with no electronics industry.		
5. The customer has little or no business background.		
6. The customer is unfamiliar with the product's performance characteristics but still wants the product.		
7. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, or export.		
8. Routine installation, training, or maintenance services are declined by the customer.		
9. Unusually favorable payment terms, such as a higher price and/or lump-sum cash payments, are offered.		
10. There are requests for excessive spare parts or a lack of interest in any spare parts.		
11. The installation site is an area under strict security control, to which access is severely restricted, is unusual for the type of equipment being installed, or is an uncertain area.		
12. A freight forwarding firm is listed as the product's final destination.		
13. Unusual shipping, packaging, or labelling arrangements are requested.		
14. Delivery dates are vague, or deliveries are planned for out of the way destinations.		

15. There are other unusual or suspicious features about the transaction		
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The validity of this Form is one year from the date of approval.

Annex 2

Notes to End-User/Use Screening Form

1. Before Filling in Screening Form

(1) Use the latest form

Please use the latest version of screening form. If you use the old form which does not reflect changes of laws and regulations or Policy, your screening may not be sufficient. To obtain the latest form, please contact Export Control Administrator.

2. 1. Customer and Product Information

(1) Enter formal name

When filling in the names of parties (e.g. customer, end-user), please write formal name and avoid entering abbreviation to prevent misunderstanding or ambiguity.

(2) End-Use of Products

Please fill in the end-use of products (or technology/software) to be exported or provided. Do not write the function of the products. For example, if the products are computer systems, please write "payroll calculation" instead of "calculation" which is a function of computer systems.

(3) Product Classification – Domestic transfer

In case of domestic transfer, it is not mandatory to fill in the classification. However, you need to confirm if the product is restricted to transfer within the country due to license condition (e.g. individual export license from Japan, ITAR control) as stipulated in the Policy.

3. 2. Check List

(1) Please check "Yes" or "No" to all of the check items in the list.

(2) If there is/are "Yes" to any item(s) with ● mark, approval of [abbreviated title of President] and LCO is required to proceed the transaction.

(3) If there is/are "Yes" to any item(s) with ▲ mark, consultation with Corporate Export Control Administrator of [Name of supervising company] and is required.

(4) If there is/are "Yes" to any item(s) without ●/▲ mark, please proceed the screening with extra caution.

(5) As for Check Item No.9, "military end user" means the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations, or any person or entity whose actions or functions are intended to support "military end uses". (See EAR 744.21)

4. RFI Check Sheet

(1) Please check "Yes" or "No" to all of the questions in the sheet.

(2) If there is/are "Yes" to any question(s), please conduct the screening with extra caution. It does not necessarily mean you cannot proceed with that transaction, but you need to carefully review the screening result in depth.

NOTE OF CONFIRMATION

We represent and warrant that we shall not use any products, software, and/or technology relating thereto provided by the Company to us under this contract and any other products, software, and/or technology manufactured or developed by using them (hereinafter called, "PRODUCTS") for the purposes of disturbing international peace and security, including (i) the design, development, production, stockpiling, or any use of weapons of mass destruction, such as nuclear, chemical, or biological weapons or missiles, (ii) other military activities, or (iii) any use supporting these activities.

We also represent and warrant that we shall not sell, export, dispose of, license, rent, transfer, disclose, or otherwise provide the PRODUCTS to any third party, directly or indirectly, with knowledge or reason to know that the third party or any other party will engage in the activities described above. We shall obtain these same representations and warranties from any third party to whom we sell, export, dispose of, license, rent, transfer, disclose, or otherwise provide the PRODUCTS.

Furthermore, we shall not directly or indirectly export, reexport, transship, or otherwise transfer the PRODUCTS in violation of any applicable export control laws and regulations promulgated and administered by the governments of the countries asserting jurisdiction over the parties or transactions.

Signature: _____
Name: _____
Title: _____
Company: _____
Address: _____

Date: _____

NOTIFICATION OF EXPORT CONTROL

This is the notification that you should keep the following:

1. You shall not use any products, software and/or technology relating thereto provided by the Company to you under this contract and any other products, software and/or technology manufactured or developed by using them (hereinafter called, "PRODUCTS") for the purposes of disturbing international peace and security, including (i) the design, development, production, stockpiling or any use of weapons of mass destruction such as nuclear, chemical or biological weapons or missiles, (ii) the other military activities, or (iii) any use supporting these activities.

2. You shall not sell, export, dispose of, license, rent, transfer, disclose or otherwise provide the PRODUCTS to any third party whether directly or indirectly with knowledge or reason to know that the third party or any other party will engage in the activities described above. You shall obtain these same representations and warranties from any third party to whom it sells, exports, disposes of, licenses, rents, transfers, discloses or otherwise provides the PRODUCTS.

3. You shall not directly or indirectly, export, re-export transship or otherwise transfer the PRODUCTS in violation of any applicable export control laws and regulations promulgated and administered by the governments of the countries asserting jurisdiction over the parties or transactions.

Thank you for your cooperation.

General Manager
the Company
Date:_____

EXPORT CONTROL CONFIRMATION ON PROPOSED PRODUCTS

To: the Company

Address: [Address of Hinode Group Company]

In light of the requirements of export control regulations of our country and the exporter's country and the U.S. EAR (Export Administrations Regulations), we confirm that the product proposed in the quotation (or bid or tender) can be exported to the end-user and guarantee that:

- (1) The product is not U.S. origin and is not and will not be subject to the U.S. EAR and does not and will not contain any U.S. origin items;
- (2) The product is not controlled items (i.e., not on the controlled items list) under the export control regulations of our country and the exporter's country; and
- (3) Any export license for the product would not be required.

Proposed product: _____

Project: _____

End User and the Country: _____

Signature: _____

Name: _____

Title: _____

Company: _____

Address: _____

Date: _____

GLOBAL HUMAN RIGHTS POLICY

GLOBAL HUMAN RIGHTS POLICY

1. PURPOSE AND SCOPE

This Human Rights Policy (“**the Policy**”) is a guide that reflects Arcelik Hitachi Home Appliances B.V. and its subsidiaries (the “Company”) approach and standards in relation to Human Rights and shows the Company attribute to respect for Human Rights.

All employees, directors and officers of the Company shall comply with this Policy. As a Koç Group company, The Company also expect and take necessary steps to ensure that all its Business Partners - to the extent applicable - comply with and/or act in line with this Policy.

2. DEFINITIONS

“**Business Partners**” include suppliers, distributors, authorized service providers, representatives, independent contractors and consultants.

“**Human Rights**” are rights inherent to all human beings, regardless of gender, race, color, religion, language, age, nationality, difference of thought, national or social origin, and wealth. This includes the right to an equal, free and dignified life, among other Human Rights.

“**ILO**” means The International Labor Organization

“**ILO Declaration on Fundamental Principles and Rights at Work**”¹ is an ILO declaration adopted that commits all member states whether or not they have ratified the relevant Conventions, to respect, and promote the following four categories of principles and rights in good faith:

- Freedom of association and effective recognition of collective bargaining,
- Elimination of all forms of forced or compulsory labor,
- Abolition of child labor,
- Elimination of discrimination in employment and occupation.

“**Koç Group**” means Koç Holding A.Ş., companies which are controlled directly or indirectly, jointly or individually by Koç Holding A.Ş. and the joint venture companies listed in its latest consolidated financial report.

“**OECD**” means The Organization for Economic Co-operation and Development

“**OECD Guidelines for Multinational Enterprises**”² aims to develop a state-sponsored corporate responsibility behavior that will maintain the balance between competitors in the international market, and thus, increase the contribution of multinational companies to sustainable development.

¹ <https://www.ilo.org/declaration/lang--en/index.htm>

² <http://mneguidelines.oecd.org/annualreportsontheguidelines.htm>

“UN” means the United Nations.

“UN Global Compact”³ is a global pact initiated by the United Nations, to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of Human Rights, labor, the environment and anti-corruption.

“UN Guiding Principles on Business and Human Rights”⁴ is a set of guidelines for states and companies to prevent, address and remedy Human Rights abuses committed in business operations.

“Universal Declaration of Human Rights (UDHR)”⁵ is a milestone document in the history of Human Rights, drafted by representatives with different legal and cultural backgrounds from all regions of the world, proclaimed by the United Nations General Assembly in Paris on 10 December 1948 as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental Human Rights to be universally protected.

“Women’s Empowerment Principles”⁶ (WEPs) a set of principles offering guidance to business on how to promote gender equality and women’s empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labor and Human Rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women’s empowerment.

“Worst Forms of Child Labour Convention (Convention No. 182)”⁷ means the Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labour.

3. GENERAL PRINCIPLES

As a globally acting Koç Group company, the Company, takes the Universal Declaration of Human Rights (UDHR) as its guide, and maintain a respectful understanding of Human Rights for its stakeholders in countries where it operates. Creating and maintaining a positive and professional working environment for its employees is the main principle of the Company. The Company acts in compliance with the global ethical principles in subjects such as recruitment, promotion, career development, wage, fringe benefits, and diversity and respects its employees’ rights to form and join organizations of their own choosing. Forced labor and child labor and all forms of discrimination and harassment are expressly prohibited.

³ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁴ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁵ <https://www.un.org/en/universal-declaration-human-rights/>

⁶ <https://www.weps.org/about>

⁷ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182

The Company primarily take into consideration the below mentioned international standards and principles regarding Human Rights:

- ILO Declaration on Fundamental Principles and Rights at Work (1998),
- OECD Guidelines for Multinational Enterprises (2011),
- UN Global Compact (2000),
- UN Guiding Principles on Business and Human Rights (2011),
- Women's Empowerment Principles (2011).
- Worst Forms of Child Labour Convention (Convention No. 182), (1999)

4. COMMITMENTS

The Company respect the rights of its employees, directors, officers, shareholders, Business Partners, customers, and all other individuals affected by its operations, products or services by fulfilling the principles of the Universal Declaration of Human Rights (UDHR) and the ILO Declaration on Fundamental Principles and Rights at Work.

The Company undertakes to treat all employees in an honest and fair manner, and to provide a safe and healthy working environment that respects human dignity while avoiding discrimination. The Company prevents complicity in human rights violations.

The Company may also apply additional standards considering vulnerable and disadvantaged groups who are more open to the negative Human Rights impacts and require particular attention. The Company considers the specific circumstances of groups whose rights are further elaborated by United Nations instruments: indigenous peoples; women; ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families, as indicated in the UN Guiding Principles on Business and Human Rights.

Diversity and Equal Recruitment Opportunities

The Company strives to employ individuals from different cultures, career experiences and backgrounds. Decision making processes in recruitment depend on job requirements and personal qualifications regardless of race, religion, nationality, gender, age, civil status and disability.

Non-Discrimination

Zero-tolerance towards discrimination is a key principle in the entire employment process, including promotion, assignment and training. The Company expect all its employees to demonstrate the same sensibility in their behavior towards each other.

The Company cares to treat its employees equally by offering equal remuneration, equal rights and opportunities. All kinds of discrimination and disrespect founded on race, gender, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender definition, family responsibilities (including pregnancy), sensitive medical conditions, trade union membership or activities and political opinion are unacceptable.

Zero Tolerance to Child / Forced Labor

The Company strongly opposes child labor, which causes children's physical and psychological harm, and interferes with their right to education. In addition, the Company opposes all forms of forced labor, which is defined as work that is performed involuntarily and under the menace of any penalty.

Pursuant to Conventions and Recommendations of the ILO, the Universal Declaration of Human Rights, and the UN Global Compact, the Company has a zero-tolerance policy towards slavery and human trafficking and expects all its Business Partners to act accordingly.

Freedom of Organization and Collective Agreement

The Company respects employees' right and freedom of choice to join a trade union, and to collectively bargain without feeling any fear of retaliation. The Company is committed to a constructive dialogue with the freely chosen representatives of its employees, represented by a legally recognized labor union.

Health and Safety

The protection of health and safety of the employees, and other persons which are, for any reason, present in a work area is one of the top concerns of the Company provides a safe and healthy working environment. The Company takes necessary security measures in work places in a manner that respects the dignity, privacy, and reputation of each person. The Company complies with all relevant regulations and implements all required security measures for all its working areas.

In the case of finding out any unsafe conditions or unsafe behaviors in the working areas, the Company takes necessary actions immediately to ensure the health, safety, and security of its customers and employees.

No Harassment and Violence

A key aspect to safeguarding the personal dignity of employees is to ensure that harassment or violence does not occur, or if it occurs sanctioned adequately. The Company is committed to providing a workplace free of violence, harassment, and other insecure or disturbing conditions. As such the Company does not tolerate any form of physical, verbal, sexual or psychological harassment, bullying, abuse, or threats.

Working Hours and Compensation

The Company complies with the legal working hours in line with the local regulations of the countries where it operates. It is crucial that employees have regular breaks, vacations, and establish an efficient work-life balance.

The wage determination process is established in a competitive manner according to the relevant sectors and the local labor market, and in accordance with the terms of collective bargaining agreements if applicable. All compensations, including social benefits are paid in accordance with the applicable laws and regulations.

Employees may request further information from the officer or department in charge of compliance regarding the laws and regulations that regulate working conditions in their own countries, if they wish so.

Personal Development

The Company provides its employees with opportunities to develop their talent and potential, and to build their skills. Regarding human capital as the valuable resource, The Company puts effort into the employees' comprehensive personal development by supporting them with internal and external trainings.

Data Privacy

In order to protect the personal information of its employees, The Company maintains high level data privacy standards. Data privacy standards are implemented in accordance with related legislations.

The Company expects the employees to comply with data privacy laws in each of the countries it operates.

Political Activities

The Company respect its employees' legal and voluntary political participations. Employees may make personal donations to a political party or a political candidate or engage in political activities outside working hours. It is, however, strictly forbidden to use company funds or other resources for such donations or any other political activity.

5. AUTHORITY AND RESPONSIBILITIES

All employees and directors of the Company are responsible for complying with this Policy, implementing and supporting the Company's procedures and controls in accordance with the requirements in this Policy. The Company also expect and take necessary steps to ensure that all its Business Partners to the extent applicable complies with and/or acts in line with this Policy.

This Policy has been prepared in accordance with the Koç Group Human Rights Policy. If there is a discrepancy between the local regulations applicable in the countries where the Company operates, and this Policy, subject to such practice not being a violation of the relevant local laws and regulations, the stricter of the two, supersede.

If you become aware of any action you believe to be inconsistent with this Policy, the applicable law or the Company's Global Code of Conduct, you should report this incident via the below mentioned reporting channels:

Web: www.ethicsline.net

Hotline Phone Numbers as listed in the web site:

<https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/>

The Legal and Compliance Department is responsible for arranging, periodically reviewing and revising the Global Human Rights Policy when necessary, while the Human Resources Department is responsible for the implementation of this Policy.

The Company's employees may consult the Company's Human Resources Department for their questions related to the implementation of this Policy. Violation of this Policy may result in significant disciplinary actions including dismissal. If this Policy is violated by third parties, their contracts may be terminated.

Version Date: 01.07.2021

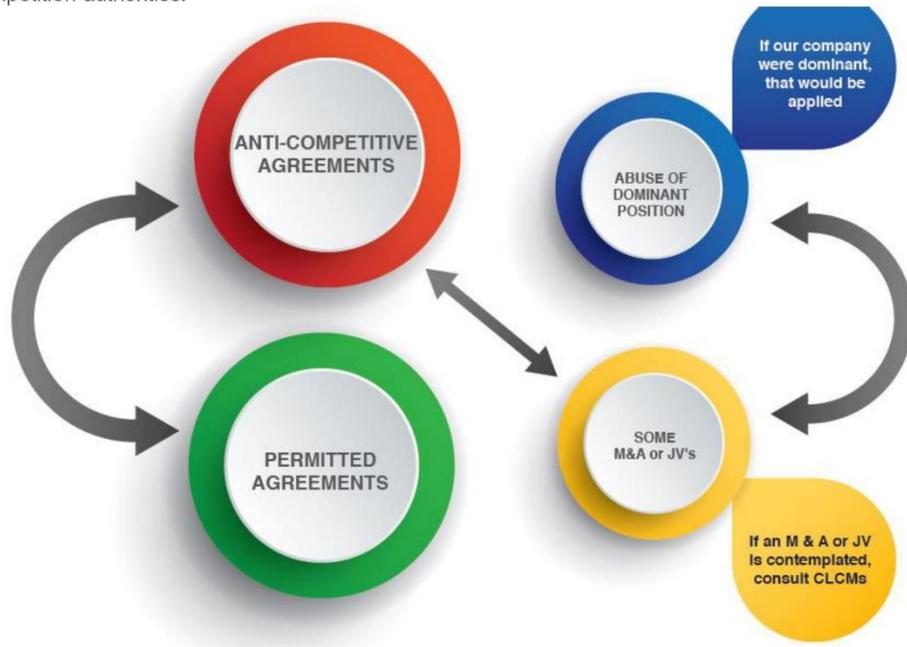
Competition Law Compliance Manual

1. Overview of Competition Law

Competition laws mainly deal with the following practices:

1. Anti-competitive agreements¹ between companies,
2. Abuse of dominant position,
3. Certain mergers, acquisitions, and joint ventures.

We consider that our company is not dominant in any market. Therefore this Manual will focus on agreements between companies and, accordingly, the rules to be obeyed while dealing with competitors, buyers² and competition authorities.



1 In this manual, the term "agreement" covers all anti-competitive practices such as agreements, discussions and information exchanges between companies as well as decisions by trade associations.

2 In this manual, the term "buyers" covers customers such as dealers, distributors, retailers as well as authorized services.

2. Severe Consequences of Competition Law Infringements

The cost of non-compliance with competition rules is enormous for both companies and employees:

2.1. Companies may be fined heavily

- The European Commission fined seven cathode ray tubes (CRT) producers € 1.4 billion. The cartelists, including LG, Samsung and Philips, had fixed prices, restricted their output, shared markets and customers. One of the victims of this cartel was our company.
- Five banks agreeing to manipulate the price of US dollars and euros exchanged in the foreign currency exchange spot market settled to pay fines of more than \$2.5 billion in the US.

2.2. Employees may be fined or liable for criminal sanctions

- More than 10 employees from LCD producers such as AU and LG were sent to prison in the US and a \$1.4 billion fine was imposed on their companies which agreed on prices and exchanged future prices and production plans. Our company was among the victims of this cartel.

2.3. Companies may be sued for damages by those who suffered losses as a result of anti-competitive practices

- CRT cartelists including Samsung, Philips, Panasonic and LG settled to pay \$563 million to customers who indirectly purchased CRTs. This lawsuit is just one of the ongoing damage claims against these cartelists in the US and other countries.

2.4. Time-consuming and costly investigations will also affect the image of companies and their employees negatively



3. Introduction to Anti-competitive Agreements

Competition laws prohibit all agreements between companies which may have as their object or effect the restriction of competition.

3.1. Even non-binding agreements may be penalized

The prohibition covers all anti-competitive agreements, regardless of their form. In other words, the existence of an agreement signed by a manager authorized to represent the company is not necessary. Even a low level employee's non-binding price discussions with competitors may be penalized.

Similarly, non-binding but anti-competitive recommendations of trade associations can be prohibited. The legal form of the association (e.g. whether it has legal personality or it is a non-profit organization) is also irrelevant.

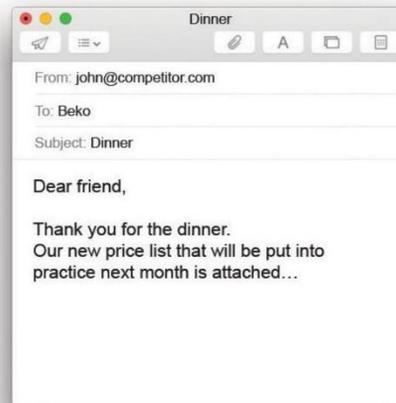
3.2. Even not implemented agreements may be penalized

If an agreement has the object of restricting competition, the prohibition applies. The parties do not necessarily need to achieve the result they hoped for. For example, a low level employee's non-binding price discussions with competitors may be penalized although prices remain stable or even decrease.

The opposite also applies. Even if the parties do not aim at restricting competition, but the agreement has restrictive effects on competition, it may be prohibited.

3.3. Even one inappropriate statement in an e-mail or diary may be enough for a penalty

Evidence such as records of telephone conversations obtained by wiretap or agreements signed by top management and stamped by a notary is not necessary to prove an infringement. The existence of an illegal agreement can be inferred from only one inappropriate statement in an e-mail. Similarly a note in a personal agenda reflecting an illegal discussion with a competitor at a dinner may be sufficient.



4. Dealing with Competitors

Competition laws do not prohibit every communication with competitors. Equally membership in a trade association is not in itself a violation either. However this is a risky area. Therefore strictly obey the rules below and contact CLCM if you have any questions.

4.1. What is prohibited?



Do not discuss or agree on purchasing or selling prices and other matters affecting prices:

The following non-exhaustive discussions or agreements with competitors are prohibited:

"We've agreed on a slight increase in oven prices."

"Our prices will be in line with yours; we will follow your raises and even discounts."

"Because of the crisis, a minimum profit margin was discussed at the trade association meeting."

"Installment terms do not exceed 6 months due to the industry-wide gentlemen's agreement."

"10% will be the maximum discount in buy-back campaigns."

"We should not provide free delivery anymore. Buyers should bear the cost."



Do not discuss or agree on sharing markets or allocating customers and suppliers:

The following non-exhaustive discussions or agreements with competitors are prohibited:

"Your efforts to transfer my customers and services are not ethical."

"I shall not deliver to your country, if you stay out of mine."

"If you leave these two retail chains to me, I will leave the rest of them to you."

"Let's share markets according to our production capacities."

"Why don't we share suppliers to make them accept our purchasing conditions?"

- The Romanian Competition Authority fined eight companies including Arctic a total of € 10.8 million
 - (€ 5.4 million was imposed on Arctic) by claiming that there was an agreement over buy-back campaigns.
 - According to the Competition Authority, the level of discount for the period 2008-2009 was set at 15%
 - for large household appliances and 20% for small ones.
-

✘ Do not discuss or agree on limiting demand or supply, capacity, production or technical development:

The following non-exhaustive discussions or agreements with competitors are prohibited:

"The trade association meeting's agenda was to reduce TV supply to improve prices."

"Limiting R&D budgets until the economic depression is over is advisable for our industry."

✘ Do not discuss or agree on boycotting any customers, competitors or suppliers:

The following non-exhaustive discussions or agreements with competitors are prohibited:

"It is in our interests not to supply to discount retail chains."

"Let's develop joint actions against this price cutter new entrant."

✘ Do not discuss or agree on rigging bids:

The following non-exhaustive discussions or agreements with competitors are prohibited:

"Why don't we agree on a rotating system for tenders?"

"If you leave this hospital's freezer bid to me, I will compensate your loss through sub-orders."

✘ Do not exchange, obtain or privately disclose intended future prices and other competitively sensitive information:

Examples of competitively sensitive information that should not be exchanged with competitors via mail, phone calls, meetings or other mediums include:

- Future prices and sales strategies not announced to public:
"My friend from competitor X sent the new price list. Their discounts will continue."
- Secret discounts to customers:
"I'll share our bonus schemes that apply to authorized services with rivals to learn theirs."
- Detailed/individualized production, sales and stock data:
"Sales and installation data reported to the boss was obtained from our competitors."
- Costs:
"Members of the trade association submitted detailed information on their main costs."

The "website test" can be used in order to determine whether any information is competitively sensitive. If the information is not published in our or our rival's website, it can be presumed "competitively sensitive".

- The Turkish Competition Authority fined 15 automotive companies a total of € 128 million by claiming that they exchanged future prices, sales strategies and stock data.

✘ Do not remain silent if competitors try to discuss a subject or disclose information which may infringe competition law:

Do not remain silent if a competitor tries to discuss a subject which may infringe competition law. Terminate the conversation immediately. If the discussion subsequently continues, request that your objection be registered, immediately leave the room and contact CLCM.

✘ Do not remain silent if you receive competitively sensitive information from your competitors. Contact CLCM immediately and object in writing by using the phrase below:



Do not forget that penalties may be imposed if you do not protest:



4.2. What is permitted?



Do obtain approval of CLCM before entering into agreements with competitors:

Do remember that collaboration with competitors on topics such as research & development, standardization, logistics, purchasing, production, marketing, distribution or sales may be permitted as can be seen from the examples below:

- The Turkish Competition Authority allowed an agreement under which Arçelik was able to produce washing machine engines on behalf of its competitor, Bosch.

- The Turkish Competition Authority permitted an agreement between Arçelik and Sony which allowed Arçelik to distribute Sony products including TVs.

Do obtain approval of CLCM before entering into agreements with competitors.



Do limit contacts to the extent which is strictly necessary and mind your language in communications even when approval has been obtained:

Do limit contacts to the extent which is strictly necessary and mind your language in communications, even when CLCM's approval has been obtained. For example, when a competitor is at the same time our supplier, you may negotiate to reduce our purchasing prices or to increase product quality. Equally, when a competitor is our purchaser, it may negotiate to reduce its purchasing prices. However these communications should not extend to matters which may infringe competition law e.g., discussing retail prices or sharing markets as in the examples below:

"If you do not reduce my purchasing price, at least raise your retail price in the market."

"The renewal of our supply agreement is in danger due to your offers to my customers."

**Do note that some topics may be discussed and some information may be shared:**

Do note that the following non-exhaustive topics may be discussed:

- Joint lobbying before public authorities to protect industry interests,
- Issues such as work safety, environmental protection, training,
- Organization of and participation in exhibitions, trade fairs or conferences...

Do note that some information such as historical production and sales data can be sent to trade associations so that they can share aggregated data with their members.

Do consult CLCM if you have any questions.

**Do note that obtaining information about competitors from the sources such as customers, internet, independent market intelligence companies is usually permissible provided that the source of information is recorded:**

Do note that obtaining information about competitors from the sources such as customers, internet, media, public authorities, independent market intelligence companies is usually permissible.

Do record the source of information as in the examples below:

"I learned from distributors that competitor X will increase its prices next month and competitor Y will change its bonus scheme applied to authorized services next year."

"I downloaded the prices and other information from competitors' websites. The attached chart may be shared with our dealers to emphasize our competitive advantages."

"As you can see from the e-mail below, our customer sent rival's bid and notified that he will not work with us if we do not offer a better proposal."

"Sales data is from the trade association and installation data is from market intelligence company Z."

5. Dealing with Buyers

Agreements with buyers are often less risky than agreements with competitors. On the other hand this area is more complex because approaches vary from one jurisdiction to the other. Therefore strictly obey the rules below and contact CLCM if you have any questions.

5.1. Resale price maintenance

5.2.1. What is prohibited?



Do not fix your buyer's resale price:

"Your invoice price is €400 and retail price is €450"



Do not fix a minimum resale price to your buyer:

"You should not sell dishwashers less than €300."



Do not fix the level of discount that your buyer can offer to its customers:

"You sell driers with a 20% discount from your website! The profit margin we grant you is too high?"



Do not restrict discounts and pricing used in advertising:

"You can resell TVs at any price you wish but please do not advertise these discounts in your brochures."



Do not use bonuses, penalties etc. as a mean to fix resale price:

"Next year we will work with services who respect our price recommendations."

5.2.2. What is permitted?



Do note that imposing a maximum resale price is permitted:

"Y model is a value product and should not be sold more than €1000."



Do note that recommending a resale price is permitted provided that recommendations do not amount a minimum or fixed resale price as a result of pressure or incentives:

"We recommend you to raise your retail prices by 5%."

"X model is a premium product so we recommend €1800-2000 range as a resale price."

- The Austrian Competition Authority (ACA)
- imposed a fine of € 372,000 on Grundig.
- According to the ACA, Grundig tried to fix
- retailers' resale prices and restrict their discounts.

5.2. Restrictions of passive sales (Particularly in the European Union)

5.2.1. What is prohibited?



Do not restrict a buyer's passive sales (sales responding to unsolicited requests from customers) into a territory or a customer group:

Do not restrict a buyer's passive sales into a territory or a customer group even if Arçelik Hitachi has exclusively allocated this territory or customer group to itself or another buyer:

"You shouldn't give positive replies to Spanish retail chains taking offers from you. Spain is allocated to another distributor."

Do not forget that the restriction on a buyer's passive sales even through indirect methods, such as limiting the validity of a guarantee for sales outside a buyer's territory, is considered a serious violation by the European Commission.



Do not forget that internet sales are considered to be passive sales:

Do not require a buyer to prevent customers in another territory from viewing its website or terminate a transaction if a credit card is billed to an address outside territory:

"Your website should only serve the Polish market. You should prevent German customers."

Do not require a buyer to limit the proportion of its overall sales over the internet:

"Distributor's sales through the internet cannot exceed half of its total sales."

Do not require a buyer to pay a higher price for products intended for resale online than those for resale offline:

"Distributors will pay us 5% more for the goods which they sell from their website."

5.2.2. What is permitted?



Do note that Arçelik Hitachi can exclusively allocate a territory or customer group to itself or another buyer and restrict a buyer's active sales (actively approaching customers) into this territory or a customer group:

Do note that a buyer's active sales mean:

- Direct mail (including unsolicited emails) or visits,
- Advertisement/promotions targeted at customers in a specific territory,
- Establishing warehouse or distribution outlet in a specific territory.



Do note that imposing a minimum amount of off-line sales to brick and mortar shops is allowed



Do note that requiring standards for websites and for the use of 3rd party platforms is allowed

5.3. "Hub and spoke"

5.3.1. What is prohibited?

✘ Do not act as a "hub/facilitator" among buyers for discussions, agreements and information exchanges which may infringe competition law:

Do not act as a "hub/facilitator" among buyers for discussions and agreements on subjects such as their selling prices, advertising campaigns or territories.

Do not disclose a buyer's competitively sensitive information, particularly its future retail prices to other buyers.

Do not give affirmative responses to buyers which complain about other buyers' low prices, passive sales etc. as in the examples below:

"We are aware of this. We will deal with the issue."

"Low prices will be removed from its website."

"We will tell him not to sell to your country."

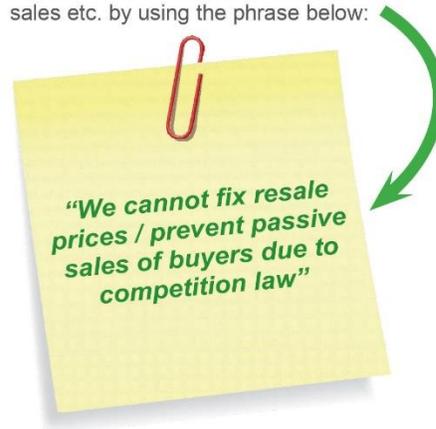
- The European Commission imposed a total
- fine of € 167.8 million on Nintendo and its
- seven European distributors for colluding to
- prevent exports to high-priced from low-priced
- countries. Under the leadership of Nintendo,
- each distributor prevented parallel trade from
- its territory. Distributors that allowed exports via
- unofficial distribution channels were punished.



5.3.2. What is permitted?

✔ Do remind buyers about competition law if they complain about other buyers' low prices, passive sales etc.:

Do remind buyers about competition law if they complain about other buyers' low prices, passive sales etc. by using the phrase below:



5.4. Other resale restrictions

5.4.1. What is prohibited?



Do not enter into an exclusivity agreement if your market share is over 30% or the duration of the agreement is more than five years without consulting CLCM.

5.4.2. What is permitted?



Do note that exclusivity agreements are generally allowed if your market share is below 30% and the duration of the agreement is less than five years.

6. Dealing with Competition Authorities – Information Requests and Dawn Raids

Competition authorities can request information. In addition they can carry out unannounced visits (dawn raids) at company premises. Homes and private cars of key employees can also be searched in some jurisdictions including the EU by a warrant from the judicial authority.

Refusal to comply with these requests or searches may result in heavy fines and, in some countries, criminal sanctions. Therefore strictly obey the rules below and contact CLCM if you have any questions.

6.1. Requests for Information



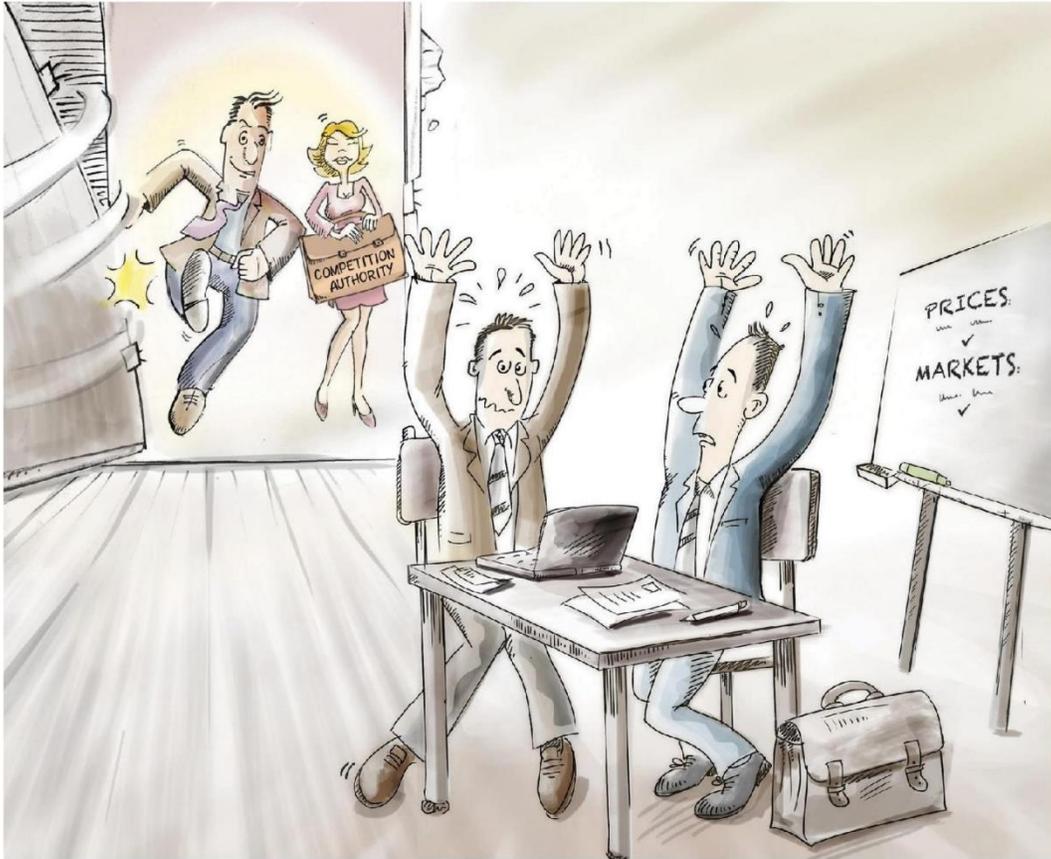
DON'Ts

- Do not answer a competition authority's information request sent by a letter without consulting CLCM.
- Do not supply incorrect, incomplete or misleading information.
- Do not speculate or volunteer information that is not specifically asked for.



DOs

- Do supply information within the required time-limit.
- Do keep answers short and factual.



6.2. Dawn Raids

6.2.1. Reception Desk Staff

- Contact immediately General Manager (or Senior Manager available), CLCM and Legal Department when inspectors arrive.
 - Check inspectors' identity cards and authorizations given by the competition authority.
 - Escort them to a meeting room for an initial meeting with General Manager (or Senior Manager available).
 - A fine of € 30.8 million was imposed by the
 - Polish Competition Authority on a Polish telecom
 - operator for delaying the start of a search by over
 - an hour. Inspectors were left waiting in reception
 - while an internal meeting was held by a senior
 - manager on how the raid should be managed.
-

6.2.2. General Manager (or Senior Manager available)

Before the search:

- Ensure that inspectors' identity cards and authorizations were checked, photocopied and e-mailed to CLCM.
- Politely ask the inspectors to wait until an internal or external lawyer arrives. However, do not try to obstruct the inspectors by making them wait for a lawyer if they have already refused to wait.
- Warn employees about the search and their obligation to cooperate.
- Assign an employee to assist the inspection team.

If inspectors seal premises:

- Ensure nobody, including external staff (e.g. cleaning staff), accesses sealed rooms/ cupboards by cordoning the sealed rooms off and/ or assigning a security guard.

At the end of the search:

- Ensure that all documents (hard and soft) seized photocopied by inspectors were duplicated for company records.
- Demand correction of any matters which may lead to misunderstandings in report/minutes prepared by the inspectors. Write down in the report/minutes your reservations/objections which could be used to prove any abuse of inspectors.
- Consult CLCM before signing inspectors' report/ minutes.

6.2.3. All employees

DON'Ts

- Do not forget that inspectors can:
 - Search any premises and vehicles.
 - Examine computers, tablets, mobile phones, flash memories, desks, drawers, personal briefcases etc.
 - Copy or, in some jurisdictions, seize all documents including e-mails and personal diaries even if they are confidential.
 - Ask employees for explanations on documents and record the answers.
 - Seal premises in particular if the inspection lasts longer than one day.
- Do not destroy, hide or delete any documents and electronic files.
- Do not break seals.
 - The European Commission fined E.ON
 - € 38 million just because a seal was broken.
 -
- Do not speak to any third parties particularly competitors about the inspection.

DOs

- Do accompany inspectors at all times and explain the true character or origin of a document if you think that it can be construed erroneously without the hampering inspectors' search.
- Do keep answers factual and short. If you are unsure about a matter, state your desire to respond in writing. Avoid supplying incorrect or misleading information.

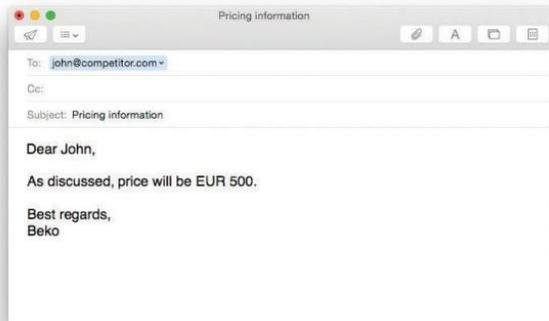
7. Mind Your Language – Guidelines on Drafting Documents

Even if a company is in full compliance with competition law, perfectly legal behavior can be treated as suspect, simply because of a poor choice of words. Therefore strictly obey the rules below and contact CLCM if you have any questions.

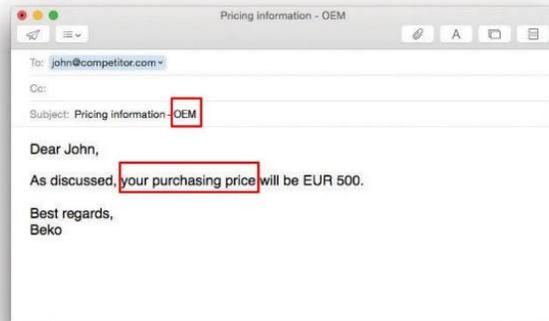
Do not draft a document and particularly send an e-mail before considering how this document could be read by competition authorities:



DON'Ts



DOs



Do not use phrases implying the possibility of wrongdoing without consulting CLCM because such phrases may mislead competition authorities:



DON'Ts

"This infringes competition law. Delete this e-mail / destroy after reading"



DOs

"Let's consult CLCM on this."

Do not use phrases implying that our company has agreements, discussions or information exchanges with our competitors which may infringe competition law:

 **DON'Ts**

"The price list of competitor X which will be put into practice next month is attached."

"I will visit the competitors."

"There will be 5% increase in (rival) Y's prices."

"Competitors' sales and installation data is below."

 **DOs**

"The price list of competitor X which will be put into practice next month is attached. I downloaded it from their website / I obtained it from customers."

"I will visit the competitors' distributors like a customer."

"There will be 5% increase in our purchasing prices from (rival) Y."

"Competitors' sales and installation data is below (Source: Market research company Z)."

Do not use phrases implying that our company brings illegal restraints on dealers:

 **DON'Ts**

"Your invoice price will be €400 and retail price will be €450"

 **DOs**

"Your invoice price will be €400 and recommended retail price will be €450"

Do not use phrases implying that our company may be in a dominant position or have power to drive competitors out which is untrue from an economic perspective:

 **DON'Ts**

"We are dominant."

"We will dominate the market."

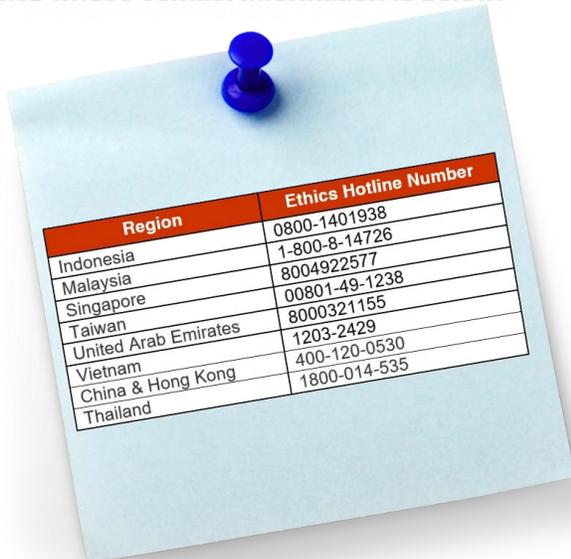
 **DOs**

"We are the leading / an innovative company"

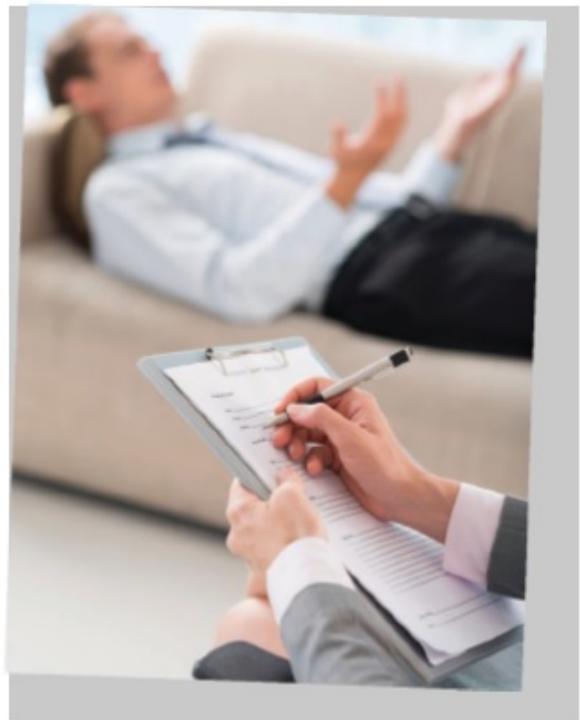
"We will meet competition."

8. Speak Up – Contact information of CLCM

This Manual aims to provide you with an overview of competition law. However such a general Manual can never be a substitute for individual advice. Therefore please do not hesitate to contact CLCM at all times whose contact information is below:



Region	Ethics Hotline Number
Indonesia	0800-1401938
Malaysia	1-800-8-14726
Singapore	8004922577
Taiwan	00801-49-1238
United Arab Emirates	8000321155
Vietnam	1203-2429
China & Hong Kong	400-120-0530
Thailand	1800-014-535



Or Please Contact
legal@arcelik-hitachi.com

- Do prefer asking questions to CLCM orally. If you ask your questions by e-mail, do remember to mark e-mail and relevant documents "Legally Privileged and Strictly Confidential" and keep them in a separate file.
- Do report to CLCM immediately, where you reasonably believe that there has been a potential breach of the CLCP, as outlined in this Manual. The identity of the informant will not be disclosed without the informant's consent.

9. Infringement of Competition Law Compliance Program

Do remember that:

- Any employee who intentionally or negligently breaches the CLCP or fails to report a potential breach will be subject to an internal disciplinary investigation.
- A serious breach of the CLCP may result in a disciplinary sanction including reduction in bonus or even termination of labor agreement.
- If an employee who breaches the CLCP informs CLCM before an internal investigation, there will be a lenient approach if any disciplinary sanction applies.



Annex: Competition Law Compliance Program Personal Confirmation

Each employee shall sign two copies of this personal confirmation.
One copy will be kept in her/his personal file by HR department.

- a) I have received competition law training along with a copy of the Competition Law Compliance Manual,
- b) I will comply fully with Competition Law Compliance Program,
- c) I am aware that any breach of Competition Law Compliance Program may render me liable to disciplinary sanction.

Name: _____

Signature: _____

Position: _____

Date: _____



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Name: _____

Signature: _____

Position: _____

Date: _____

Arçelik

HITACHI
Home Appliances