
Beko

**Human Rights
Due Diligence
Process**

1. INTRODUCTION

Arçelik specializes in consumer durables and consumer electronics, offering production, marketing, and after-sales support services with its 12 brands. With over 40,000 employees around the world, 30 production facilities in 9 countries, 29 R&D and Design Centers across more than 9 countries. Arçelik Human Rights Due Diligence Process outlines the systematic approach adopted by Arçelik for the identification of actual and potential adverse impacts of salient human rights issues considered relevant for Arçelik's operation network in the entire value chain, including its own operations, the operations conducted in its business partners as well as measures taken during new acquisitions/mergers. The due diligence process also covers the prevention and mitigation efforts with respect to actual/potential salient human rights risks of the Group collectively.

2. GOVERNANCE OF HUMAN RIGHTS PROCESS

2.1. POLICY COMMITMENT

Operating in a vast geography with different potential human rights concerns, it is of uttermost importance to ensure Arçelik Group Companies and its value chain adheres to the human rights issues of all stakeholders concerned. Arçelik and its Group Companies commits to respect human rights of all stakeholders including employees and business partners, suppliers, third party contractors, dealers, service network, customers, consumers and all other individuals affected by its operations, products or services and incorporates responsible business conduct into policies and management systems. Arçelik acknowledges the fact that the complexity of its operations as well as the operations in the entire value chain makes it challenging to track the salient human rights risks but having a due diligence procedure in place is powerful enough to turn risks into opportunity to create a resilience business environment. In diligently looking after the protection of the human rights of its value chain, Arçelik and its group companies specifically look out to protect the rights of own employees, employees in the value chain in business partners, third party contracted labor, women, migrant workers, children, indigenous people, local communities, ethnic, religious and linguistic minorities, persons with disabilities as indicated in the UN Guiding Principles on Business and Human Rights. Arçelik adheres to act in line with the below mentioned international standards and principles regarding Human Rights: ILO Declaration on Fundamental Principles and Rights at Work (1998), Worst Forms of Child Labor Convention (Convention No. 182), (1999). UN Guiding Principles on Business and Human Rights (2011), UN Global Compact (2000), OECD Guidelines for Multinational Enterprises (2011), Women's Empowerment Principles (2011), Arçelik and its Group Companies commits to the human rights principles in the relevant publicly available documents. These documents which are communicated to all employees, business partners, customers and consumers provide the guidance for Arçelik's expectation to embed the human rights due diligence management system effectively within the value chain.

- [Arçelik Global Code of Conduct](#)
- [Arçelik Global Code of Conduct Operations Policy](#)
- [Arçelik Global Human Rights Policy](#)
- [Arçelik Global Anti-Discrimination and Anti-Harassment Policy](#)
- [Arçelik Global Whistleblowing Policy](#)
- [Arçelik Global Environmental Policy](#)
- [Arçelik Global Operational Health and Safety Policy](#)

- [Arçelik Operational Health and Safety Workplace Code of Conduct](#)
- [Arçelik Global Responsible Purchasing Policy](#)
- [Arçelik Pazarlama A.Ş. Authorized Service Policy](#)
- [Arçelik Conflict Minerals Policy](#)

We manage human rights due diligence activities together with Quality, Environmental, Occupational Health and Safety Management Systems in an integrated manner. This enables Arçelik and its Group Companies to implement the commitments stated in the relevant policies.

3. IMPLEMENTATION OF HUMAN RIGHTS COMMITMENT

Arçelik implements a due diligence process to identify, mitigate and prevent potential and actual salient human rights issues in the entire value chain. The due diligence process covers risk identification in own operations, in the value chain as well as in cases of acquisitions or mergers. All findings from the assessment of due diligence for own operations, for those in the value chain as well as any concerns raised for potential mergers/acquisitions are systematically reported to the Human Rights Committee (HRC).

Our Human Rights Department is responsible for organizing regular third-party and internal human rights assessments within the global organization, preparing a risk mapping of potential and actual violations, and taking necessary mitigation and remedial actions pursuant to *the Global Human Rights Due Diligence Process*. The Koç Holding Consumer Durables President, who is an Arçelik board member, has been assigned by the Board of Directors as the responsible board member to report on the human rights issues, potential risks and action plans.

The Human Rights Department is responsible for convening the Human Rights Committee (HRC). The HRC meets four times a year to systematically review and revise the risk mapping of potential human rights issues within our existing business and new business relations, as well as risks in the value chain. In terms of the value chain, our priority is assessing the risks of Tier-1 suppliers[□]. The duty of the Human Rights Committee is to proactively ensure that the operations in the value chain do not have adverse impacts on individuals. The HRC is chaired by the Chief People Officer, and representatives from Production and Technology, Finance, Supply Chain, Purchasing, Occupational Health and Safety, Sustainability, Quality Systems, Global Compliance, Environment, Global Communications, Human Rights and Human Resources teams attend the committee. The decisions made by the committee are reported to Board of Directors. The Chief People Officer reports quarterly to the relevant Board member on actual and or potential human rights violations and the remediation or mitigation action plans.

The Global Ethics Committee is responsible for the management and implementation of the Global Code of Conduct and Related Code Policies. The CEO leads the Global Ethics Committee, and Koç Holding Consumer Durables President, one of the members of the Board of Directors, informs the Board about the company's compliance with the Global Code of Conduct and related Code Policies and

[□] Suppliers corresponding to 90% of our purchasing volume

about the activities of the Ethics Committee. The Legal and Compliance Director reports to the Koç Holding Consumer Durables President every quarter.

The issues discussed in the Human Rights Committee meetings includes identifying risk levels of potential human rights issues and working on the internal and third-party audit results of own operations and audits conducted in the value chain to analyze actual adverse impacts and come up with corrective action plans to mitigate risks further. Proactive prevention measures against potential salient human rights issues are also discussed during those meetings. Discussions are based on the following:

- Evaluation of activities carried out within the scope of human rights due diligence studies,
- Review of the risk mapping of salient human rights,
- Follow-up of social responsibility goals,
- Assessment of audit findings,
- Assessment of complaints, remedies, and remediation proposals,
- Evaluation of complaints, solutions, and improvement suggestions,
- Review of decisions taken at the previous meeting

All locations also have Location Human Rights Committees (LHRC) to manage human rights issues on a systematic manner. The Committees are responsible for reviewing risk map and taking necessary mitigation and remediation actions. The Committees are also responsible ensuring that the related location does not have any adverse impacts on individuals. The Management Team and the related departments heads are the members of these Committees. The Human Rights Location Responsibles are responsible for convening Location Human Rights Committees quarterly. After decisions are taken in the Committees, they are also reported to Company Human Rights Committee by Human Rights Department.

Human Rights Risk Mapping Process:

All internal and external audit subjects are covered in the risk assessment process. Criteria for risk assessment regarding human rights are considered based on two factors: the likelihood of impact and the level of impact. The level of impact criteria depends on the scale, scope, and whether the situation is remediable. The level of impact risk rating scale ranges from low to high by considering the dimensions above. The likelihood of impact scale ranges from very unlikely to very likely regarding the probability of the situation. Considering the two aspects, the risks are divided into three groups: Low, Medium and High-level risks. After identifying the risk levels, we control and mitigate impacts which may occur as well as assess the residual risks after establishing preventive and correction action plans regarding human rights for its business operation. This is to ensure that the human rights management approach is effective for controlling the impacts throughout the value chain.

Human Rights Risk Mapping Process in Own Operations:

In consideration of the outcomes of the risk mapping, internal audits are planned to prioritize the facilities with the highest risk. Together with external audits, there is a twofold process in this regard.

Systematic internal audits are carried out by the related internal auditor in the global factory network. Internal audit plans are organized and announced by the Human Rights Department. These audits are conducted by the related internal auditor in factories.

Aside from internal audits, as a member of the Business Social Compliance Initiative (BSCI) the factories undergo annual BSCI audits as well on issues such as employee engagement, social management systems, employee, engagement, freedom of association and collective bargaining, prevention of discrimination, fair remuneration, OHS, prevention of precarious employment, prevention of forced and child labor, environmental protection, and ethical behavior. External audits can be planned on customer request. Announcements about these inspections are made to the representatives of Human Rights Department.

The findings of internal/third party audits are then reported to the Human Rights department. Based

on the type of actual finding or warning against a potential adverse impact, the Human Rights Department informs the related departments among Sustainability, Global Compliance, Enterprise Risk Management, Operational Health and Safety, Environment, Workspace Design and Purchasing teams (for third party contractor findings). The relevant department that has been informed of the issue is obliged to work towards a corrective action plan in order to mitigate the risk going forward.

The Human Rights Department then consolidates the findings as well as corrective action plans and gathers the HRC quarterly to discuss further. As indicated above, the decision taken in the HRC are further reported to the Board of Directors via the quarterly sustainability reports prepared on behalf of the Board member appointed as the Sustainability Responsible by the Board of Directors.

Human Rights Risk Mapping Process in the Value Chain:

Arçelik prioritized assessment of Tier-1 suppliers[□]. Arçelik suppliers are audited by third party audit firms in terms of human rights violations that might arise in the value chain. Arçelik works with a third-party service provider to collect data from suppliers in terms of ethics and environmental issues to better assess their position. Any risks identified by the auditors are reported by the Sustainable SupplyChain Working Group (WG). The WG prepares and submits action plans to the supplier. As indicated in the Global Supplier Purchasing Policy, Arçelik expects its suppliers to follow up and close the corrective action plans in a timely manner. In cases of actual human rights violations which cannot be tolerated such as forced labor, child labor or discrimination/harassment, Arçelik immediately stops working with the concerning supplier. The external ethics audit findings of the suppliers are also discussed in the HRC and discussed in the Sustainability Council meetings as well. As in the case of the Risk Identification Process in Own Operations, if and where needed, the Board of Directors are informed about the supplier risks via reports prepared on behalf of the Board member appointed as the Sustainability Responsible by the Board of Directors.

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Human Rights Risk Mapping Process for New Business Relations:

Arçelik is a company focused on growth via successful acquisitions and by way of joint ventures. It is extremely important for Arçelik to implement the same level of diligent systems thinking into new business relations. During the potential due diligence phase of new partnerships such as formulating

a joint venture or taking over a company, Arçelik internal risk and compliance teams analyze company information to find out any adverse issues that might turn out to have financial/reputational implications on Arçelik. During the integration phase of the newly acquired company or a recent partnership such as a joint venture, the weekly integration reports are provided to the Top Management. The integration reporting process also covers such human rights risks to the extent there are any.

4. CREATING AWARENESS FOR HUMAN RIGHTS ISSUES WITHIN THE VALUE CHAIN

All Arçelik employees and business partners, including our temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Code Policies, and we expect them to internalize and follow these rules. The Global Code of Conduct and related Policies are launched globally in 18 languages.

Our employees read and accept the Global Code of Conduct and Related Code Policies at the start of their employment. In addition, 100% of our operations are evaluated based on a corruption perception index. To ensure compliance with the Global Code of Conduct, we designed an extensive training program consisting of face-to-face and online training for all employees globally. The trainings regarding Global Code of Conduct and Related Code Policies includes fight against bribery and corruption, as well as the prevention of human rights violations and the prevention of discrimination and harassment, responsible purchasing and conflict of interest. Arçelik provides trainings to employees regarding the Global Code of Conduct and related Policies since its first publication. Additionally, one-to-one sessions with the management team are organized.

5. SALIENT HUMAN RIGHTS ISSUES

Based on the UN Guiding Principles, salient human rights issues are defined as issues having the potential to cause the most severe negative impact through the company's activities and business relationships. We have identified salient human rights issues of Arçelik in all our business activities in the value chain including our business partners within the scope of our internal self-assessment adopting risk-based approach considering the outcomes of human rights risk assessment, the results of the audits as well as reports through ethics hotline. Additionally, aside from actual findings, we have also included potential issues which might be of concern considering the vast geographies and the industry that we are operating in. Therefore, the below mentioned issues are not necessarily issues that have actualized but also consider potential risk items as well. Based on these assessments, the below mentioned risks stand out as salient human rights issues of Arçelik.

Child Labor: Arçelik does not tolerate any form of child labor and strongly communicates to all business partners to immediately end any relationship with any partner who does so

Forced Labor: Arçelik does not tolerate any form of forced labor and strongly communicates to all business partners to immediately end any relationship with any partner who does so. All operations must be conducted on a voluntary basis, and not under threat of any penalty or sanctions.

Human Trafficking: As there is a reported and substantiated case about our Tier-2 logistics supplier through our Ethics Hotline, aside from the necessary actions taken for this particular case, we keep on working to make sure this does not happen again.

Discrimination & Harassment: All kinds of discrimination and harassment, including sexual harassment is explicitly prohibited by Arçelik and the same intolerance is also expected from business partners. Acting otherwise results in serious enforcement as indicated in the Arçelik Global Human Rights Policy and the Responsible Purchasing Policy.

Freedom of Association: Although there is no audit finding on this issue up to date, we keep on working to make sure this does not become an actual issue in countries with immature labor practices.

Workplace Safety: Protecting the safety of our employees and the safety of our business partners is among one of our top priorities. Arçelik has extensive measures in place to educate its employees as well as the employees of business partners. Arçelik globally owns ISO 45001 certificate. Audit findings so far are not major findings and corrective action plans for both own operations and supplier operations are in place to mitigate risks.

Working Hours: Studies are carried out to limit the overtime made by employees.

Wage and Benefits: Arçelik compensates the employees by providing wages, overtime pay, and benefits which respectively meet or exceed legal minimum and/or sectoral standards and/or collective agreements. Arçelik strongly supports its business partners to pay wages, overtime payments and benefits, in line with law.

Equal Remuneration: Arçelik strongly supports equal remuneration for equal work and transparently discloses the wages provided to women/men for the same type of jobs performed.

For salient issues identified above, mitigation plans are in the pipeline and those plans are discussed in the Human Rights Committee. Regarding those issues, Arçelik expects all its business partners to act in line with Arçelik Global Code of Conduct Framework. Since 2020 we annually report and commit to continue to report on the findings of the external audit results for our operations as well as our business partners. Please find the findings for the most recent fiscal year for our own operations and suppliers on [Arçelik Sustainability Reports](#).

4. REMEDIATION

4.1 MECHANISM OF REPORTING BREACHES

Arçelik protects and remediates those who have been affected by a negative human rights impact. For this reason, we have set up a global whistleblowing mechanism that can be used to report possible improprieties to unethical acts such as breaches of the Global Code of Conduct and related Policies including the Global Human Rights Policy and Global Anti-Discrimination and Anti-Harassment Policy. A whistleblower can be anyone who communicates an allegation or any other information indicating

acts that are noncompliant with the above-mentioned Policies. 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.

We ensure effective remediation actions to counteract human rights harms that have occurred. The defined remediation actions include financial or non-financial compensation, apologies, offering rehabilitation, punitive sanctions, and administrative changes in terms of organizational structure. Arçelik also has communication channels to receive feedback and complaints from stakeholders.

For any action it is believed to be inconsistent with Arçelik and its Group Companies related Policies, the applicable law or Arçelik Global Code of Conduct, the following reporting channels are available:

Web: Whistleblowers can report incompliant actions to this Policy by using the tab “Raise a Concern Online” on www.ethicsline.net

Telephone: Whistleblowers can also raise their concerns by dialing Ethics Hotline phone numbers dedicated specifically to countries. Ethics Hotline phone numbers can be found from www.ethicsline.net through “Raise a Concern by Phone” tab and in the [Global Code of Conduct website](#).

Arçelik guarantees that all investigations will be carried out completely confidential and any negative acts directing to whistle-blowers will be punished.

4.2 PENALTIES AGAINST BREACHES

As stated in Arçelik’s Global Operations Policy, consequences of substantiated breaches include further education and/or coaching, a verbal warning documented and placed in the employee’s HR file, a written warning placed in the employee’s HR file, a written warning and appropriate financial consequence as legally possible; a downgrade in an employee’s performance rating for the year and re-calculation of the premiums accordingly; termination of employment; and termination of employment and legal action against the employee(s) who breached the Code of Conduct. Arçelik imposes those punitive sanctions considering the mitigating and aggravating factors in order to maintain the non-repetition of the breaches.

Acting against the Global Code of Conduct and related Code Policies may lead to serious consequences. When such breaches are determined and investigated and substantiated; nature of the event incurred and repetitiveness of the behavior will be considered as aggravating or mitigating factors.

Own Operations:

Please see the Penalties Headline in [Arçelik Global Code of Conduct Operations Policy](#). As stated in Arçelik’s Responsible Purchasing Policy, Arçelik 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.

Supply Chain:

Please see the Implementation Principles Headline in [Arçelik Global Responsible Purchasing Policy](#).