



Our Social Compliance Policy



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OUR SOCIAL COMPLIANCE POLICY

INTRODUCTION

This Social Compliance Policy text ("Social Compliance Policy") contains the standards that we have developed together as a team, based on our fundamental principles and values, with all our business partners. Our goal is to ensure that the regulations set out in the Social Compliance Policy become the company culture of Merinos Halı Sanayi ve Ticaret Anonim Şirketi ("Merinos"). For this reason, social compliance standards have been established and implemented.

Merinos considers the creation and maintenance of a fair working environment for its employees as one of its top priorities. Through the Social Compliance Policy, the company aims to establish a fair, respectful, healthy and safe working environment in compliance with relevant legislation and international regulations, primarily the Universal Declaration of Human Rights and the International Labour Organization ("ILO") Declaration on Fundamental Principles and Rights at Work. This policy also aims to enhance employee success, development, and commitment to our company. The following implementation principles outline the key principles for creating and maintaining a fair working environment at Merinos. Merinos commits to not only creating products and services within the framework of the Social Compliance Policy, but also to recognize all rights arising from standards under the legal framework for employees, to comply with occupational health and safety regulations, to promote environmental awareness, and to foster open and honest communication and a workplace where employees feel respected and valued.

The Social Compliance Policy is communicated to all our employees through trainings and information is provided to our suppliers (here, the term "suppliers" includes Merinos' suppliers, subcontractors, consultants, service providers, and representatives) and our suppliers are evaluated according to these criteria.

IMPLEMENTATION PRINCIPLES

1. FAIR EMPLOYMENT PRACTICES AND AN EQUAL OPPORTUNITY APPROACH

- ❖ Merinos' practices comply with all relevant laws and regulations concerning employment and working life. Merinos employees also fulfill all legal requirements within the scope of their activities and act in accordance with legal regulations.
- ❖ Merinos aims to create a fair, inclusive and respectful company culture, and in this direction, Merinos human resources policies and practices ensure that all practices,

including recruitment, promotion-transfer-rotation, compensation, rewards, social rights, etc., are fair.

- ❖ All practices related to working hours, conditions and wages at Merinos are carried out in accordance with the applicable labor and employment laws of the relevant country and, if any, the terms of the applicable collective bargaining agreements. Fair compensation is made independent of all discriminatory factors, including gender, in line with the principle of equal pay for equal work.
- ❖ Discrimination within Merinos based on language, race, color, sex, political opinion, belief, religion, sect, age, physical disability, and similar reasons is unacceptable.
- ❖ At Merinos, a cooperative, positive and harmonious working environment is created, conflict environments are prevented, and individuals with different beliefs, thoughts and opinions are enabled to work harmoniously.

2. CHILD LABOR

- ❖ According to the ILO, "child labor" is defined as work that deprives children of their childhood, undermines their potential and dignity, and is harmful to their physical and mental development. In the framework of respecting children's right to healthy development and education, child labor should not be employed. As Merinos, our primary responsibility is to take all necessary measures to ensure that we provide our children with the care they need to grow into conscious, healthy generations and offer them a life that is appropriate for their age.
- ❖ It is unacceptable and absolutely intolerable, both from our company's perspective and our understanding of humanity, to employ children who have not yet completed their development and basic education, especially those who are in need of care rather than at an age to support their family, depriving them of their fundamental rights to life for any reason.
- ❖ Within the boundaries of Merinos, no child may be subjected to abuse, mistreatment, or any form of exploitation, and all necessary measures are taken to prevent this. Our policy to combat child labor and protect children from abuse is our most important policy, with a zero-tolerance stance within our corporate policies. In line with all these principles, Merinos does not employ child labor and respects the minimum working age.

3. VIOLENCE AND HARASSMENT

- ❖ Merinos upholds the inviolability of employees, including their physical, sexual, and emotional integrity.
- ❖ Any violation of an individual's integrity through physical, sexual, and/or emotional harassment in the workplace or at any location related to work is against the law and ethical standards, and Merinos does not tolerate such actions in any form. In this

context, Merinos takes all necessary measures to ensure that employees work in an environment where their physical, sexual, and emotional integrity is protected.

- ❖ The violation of a person's bodily integrity and/or sexual harassment without physical contact is defined as sexual assault/harassment. Accordingly, any behavior that falls under this definition is unacceptable to Merinos.
- ❖ "Workplace psychological harassment" (mobbing), which involves one or more individuals systematically targeting another person or persons over a certain period with the intention of intimidating, incapacitating, or isolating them, and that harms the personality, professional status, social relations, or health of the victim(s) through malicious, intentional, and negative attitudes and behaviors, is also considered a form of harassment as mentioned above. Mobbing is unacceptable to Merinos.

4. HEALTHY AND SAFE WORKPLACE

- ❖ The safety and health of employees are of utmost importance to Merinos. The company's policy aims not only to create safe and healthy working environments but also to ensure the complete implementation of applicable occupational health and safety legislation and adherence to international standards. Merinos evaluates existing risks that could lead to accidents, injuries, or negative health impacts through discussions with its employees, striving to eliminate these risks and to build and maintain a safe, healthy, and efficient workplace.
- ❖ Merinos provides safe environments that protect all employees and assets, enabling it to successfully carry out its operations. The regulations developed by Merinos to ensure safety in its operational areas are aligned with international standards and regulations.
- ❖ Merinos prohibits employees from working under the influence of alcohol, any drugs, illegal substances, or prescription medications in a manner that could impair their ability to perform their duties safely and effectively, as well as from carrying these substances. All employees must strictly adhere to the rules regarding drugs, narcotics, and alcohol implemented in the workplace to avoid putting their own safety and that of their colleagues at risk.

5. EMPLOYEE RELATIONS

Merinos views its employees as stakeholders and establishes a relationship based on goodwill. The company listens to its employees' opinions, gathers information from these views, and takes their opinions into account. In this context, Merinos appoints employee representatives and provides an environment where employees can discuss their issues with these representatives.

6. EMPLOYMENT OF FOREIGN WORKERS

The employment contracts of foreign employees working at Merinos are prepared in a language they can understand, and actions are taken in accordance with relevant legislation concerning foreign workers.

7. FORCED LABOR AND HUMAN TRAFFICKING

Merinos absolutely does not tolerate human trafficking, forced and compulsory labor, modern slavery, or the employment of workers in an undeclared/illegal manner. Forced labor is strictly prohibited throughout the entire value chain, including the activities of Merinos and its affiliates, as well as those of the suppliers and subcontractors with whom it collaborates. Suppliers are subject to preliminary assessments and audits in this regard.

8. EMPLOYMENT CONTRACT

A written employment contract is signed between Merinos and the individual to be employed, containing provisions and conditions compliant with applicable legislation. All matters included in the employment contracts are in accordance with relevant legislation and international regulations, and the contracts are updated as necessary in line with current laws.

9. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Merinos respects the right of its employees to establish a union, join a union, or refrain from joining a union without fear of retaliation, threats, or harassment.

In cases where employees are represented by a legally recognized union, Merinos is committed to establishing a constructive dialogue with union representatives and engaging in discussions with them in good faith.

10. PROTECTION OF PERSONAL DATA

It is our legal obligation to protect the personal data of our employees and suppliers (here, the term "suppliers" refers to Merinos's suppliers, subcontractors, consultants, service providers, and representatives). Merinos regulates issues such as the transfer, storage, and disposal of personal data, as well as data security breaches, within the framework of corporate policies and in compliance with current legislation.

11. RESPECT FOR NATURE AND THE ENVIRONMENT

As Merinos, we are committed to sustainable living and caring for future generations; we "Act Responsibly and Transparently" towards society and our environment. Merinos takes responsibility for protecting and improving the environment in its business activities and develops policies and strategies accordingly.

12. RELATIONSHIPS WITH SUPPLIERS

Merinos encourages its suppliers (here, the term "suppliers" includes Merinos's suppliers, subcontractors, consultants, service providers, and representatives), employees, and communities in the regions where it operates to approach their activities in a manner that respects human rights and complies with international legislation. In addition to requiring that key suppliers comply with all applicable national laws, Merinos also promotes alignment with the ILO's core labor principles.