

KALE GROUP HUMAN RESOURCES DOCUMENT			
ETHICAL CODES REGULATION			
DEPARTMENT GROUP HUMAN RESOURCES	REGULATION NO: KGiKY - 21 REVISION NO: 00	EFFECTIVE DATE: 27.06.2012	PAGE: 1/28

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SECTION I

GENERAL PROVISIONS

1.1 Purpose:

An Ethical Codes Regulation has been prepared to aid the understanding of Kale Group's fundamental values and personal responsibilities of its personnel as well as to explain the fundamentals of policies and procedures and provide guidance for the personnel in decision making.

Kale Group Personnel are expected to comply with the fundamental values and ethical codes.

1.2 Scope:

Ethical Codes Regulation covers the personnel of Kale Group.

1.3 Definitions:

Kale Group or Group : Kale Holding A.Ş. and Kale Group companies.

Company : Companies affiliated with Kale Group.

Personnel : Personnel covered by this present regulation and employed under a service contract of indefinite term.

Top Management : Chairman, Vice-Chairman, General Manager, Assistant General Manager, Director.

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SECTION II

KALE GROUP'S FUNDAMENTAL VALUES

2.1 Vision:

The vision of Kale Group prescribes to compete with leading firms in the world in all the areas where the Group is active, to have a leading position where technologic developments are concerned, to produce goods and services at a quality level that goes well beyond customer expectations, and to be able to do the foregoing to employ highly skilled labor force.

2.2 Mission:

The mission of Kale Group can be stated as follows; "To have a presence that adds value to the existence of whoever works with Kale Group by producing the highest quality industrial and technological products with a common denominator that is defined by the society and institutions worked with."

2.3 Fundamental Values:

The fundamental values of Kale Group make up the foundation stones of the Group displaying to the world its identity, offerings and activities.

Honesty, respect, trust, transparency, social responsibility, team work, quality, and continuous development are the fundamental values of Kale Group.

Fundamental values provide guidance for the activities of the company while influencing the company policies and programs.

The ethical codes indicated in this regulation have been prepared within the framework of these fundamental values.

2.3.1 Occupational Health and Safety:

To ensure the health and safety of personnel, customers and the regions in which the company has operations, the highest standards both in production and service fields have been adopted as the norm and the implementation is carried out accordingly.

2.3.2 Management of Environment:

To protect the environment by considering environmental issues as an integrated part of commercial activities is among our basic responsibilities. Kale Group aspires to have all its activities overlap with public expectations.

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2.3.3 High Ethical Behavior:

Business relationships are conducted according to the highest level of business ethics standards and in compliance with the legislation. Kale Group works towards becoming a global and respected institution.

2.3.4 Human Respect:

Kale Group encourages a work environment that appreciates respect and contributions made to the business and as such adopt this principle in approaching its personnel.

The activities of Kale Group personnel performed at work have an influence on the mutual respect that the company promotes in general.

How a job is performed is as important as what the job that is being performed entails. Kale Group personnel in performing their jobs observe the rules set forth in Kale Group's Occupational Health and Safety, Environmental Management, Ethical Behavior and Respecting Humans fundamental values.

Central to Kale Group business ethics is the sustaining of company standards by its personnel in a determined manner. Any behavior that intentionally violates the law and legislation or non-compliance with the ethical codes regulation or company policy or any attempts to cover up such non-compliance is considered to be a violation of business ethics.

Without any prejudice to the right of Kale Group to implement Labour Law No. 4857 and related legislation, any acts and behavior that is in violation of the ethical codes stated in this Regulation shall be subject to the assessment as per the provisions of the Disciplinary Action Regulation.

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SECTION III

RESPONSIBILITIES

3.1 Responsibilities of Personnel:

3.1.1 General Responsibilities:

Kale Group personnel are responsible for ensuring that the company operations reflect responsible business applications. To be able to ensure this, personnel are required to do the following:

- To display behavior that matches the Fundamental Values of Kale Group in its daily business activities,
- To learn the Ethical Codes regulation, company policies, procedures, and regulations,
- To comply with the laws, legislation and company policies applicable in the country and in the work place where s/he works,
- To inform concerned people of other employees infractions in complying with a law, regulation or company policies and procedures,
- To avoid activities that are counted directly or indirectly as a merchant or tradesman activity and not to belabored in any institutions that Group/Company has business relations,
- To prevent an act that is prohibited for personnel to be performed by other persons outside the company such as an establishment, representative or a supplier,
- To report the violation of the Ethical Codes Regulation or other company regulations, policies and procedures to the management,
- To cooperate with management in investigating bad behavior and provide complete and accurate information.

Personnel may seek the opinion of Company Human Resources Manager or Group Human Resources Directorate for any actions in order to fulfill these responsibilities.

3.1.2 Responsibilities Specific to a Subject:

In subjects determined, the personnel are required to comply with applicable laws, regulations and company policies at all times.

Personnel are obligated in the following:

- **Gifts and Entertainment** –not to accept gifts that are in excess of TL 100 in terms of their value from business owners that he/she is in a business relationship with. However, if not accepting the gift causes damage in trade/business relation, stated gift can be accepted for granting to Dr. (h.c.) İbrahim Bodur Kaleseramik Education, Health and Social Welfare Foundation by informing his/her supervisor of any such event is occurring, Small gifts not in excess of TL 100 in terms of value as distributed by business owners for advertising purposes on specific days of the year are excluded from the scope of this article (agendas, calendars, pens, etc.).

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- **Bribes, Commissions and Similar Incentives** –not to offer, provide or accept any payment or benefit that might be considered unsuitable or illegal,
- **Payments for Products and Services** –to make company payments to third parties in a manner that is always considered suitable and in no way unlawful,
- **Cross-Border Trade** –to learn and act in accordance with the laws on import and export of products and services in the countries where the subject matter products and services are traded,
- **Confidentiality of Customer, Consumer, Supplier or Third Party Information** –to ensure that the confidentiality of Kale Group’s customer, consumer, supplier and third party information is protected diligently, that the subject matter information will not be used without informing the parties and that the subject matter information is disclosed only to the persons who are authorized to receive this information,
- **Conflicts of Interest** –to report any conflicts of interest that may present a problem where the duties of the personnel towards the company are concerned, including but not limited to employment outside the company, other activities and financial benefits, use and sharing of company information, commercial opportunities for the company and relationships with family members as well as other personal relationships,
- **Company Assets** –to ensure that the company assets are always purchased, used, shared or sold by observing the interests of Kale Group Shareholders and protecting the assets of the company,
- **Company Funds** –to use the financial assets of the company only for authorized purposes,
- **Company Information** –To protect and prevent unauthorized disclosure of company information to people who are not employees of the company,
- **Company Time** –not to use company time for something other than company business,
- **Embezzlement, Theft and Seizure** –not to acquire any property or other asset belonging to the company or other person through unlawful ways, fraud or seizure or not to have such asset or property directed and/or transferred to 3rd parties,
- **Records and Reports** –to ensure that the company records are accurately established and kept up to date, only data that is verified in terms of its accuracy is provided, and never to make or permit others to make false declarations,
- **Competitive Practices** –to use appropriate tools and ways when competing with other companies and developing relations with customers and suppliers,
- **Gathering of Competitive Information** –to use suitable means in collecting information on competitors of Kale Group and never to attempt to acquire information by means of theft or false declarations or use other people to acquire the subject matter information through unsuitable ways,
- **Public Relations** –to make sure that the relations with the public servants are compliant with the laws as well as the requirements made effective by the government, if business is conducted with public servants,
- **Environmental Protection and Sustainability** –to protect the environment by minimizing pollution, minimizing waste, and observing company policies and programs in regards to sustainability where commercial activities are concerned,
- **Product Management** –to ensure that the products, services and technologies offered to the customers by Kale Group are done so according to the undertakings of the company,

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- **Human Rights** –to comply with a human rights understanding of Kale Group and to perform company activities in compliance with human rights,
- **Communication with Third Parties** –to direct the people contacted outside the Kale Group to the related Kale Group personnel in an appropriate manner,
- **Equality of Opportunities and Avoiding Discrimination** – to decide on whom to employ on the basis of the skills of the applicant and to avoid discrimination on the basis of language, religion, race and gender in the process,
- **Respecting Humans** –to act with respect towards others and to avoid any attitude that may be considered harassment, mobbing, animosity or disrespect,
- **Confidentiality & Personal Information** –to show the same respect that you expect from others where personal information, property and rights of other people are concerned.
- **Health and Safety** –to take the necessary measures and actions to ensure occupational health and safety.

3.2 Responsibilities of Executives/Managers:

The executives of Kale Group have great influence over how employees perform their jobs. Employees learn whether business practices are suitable or not from executives. For this reason executives have added responsibilities. These are

- To determine high standards for personal activities of the employee,
- To establish proper and understandable communication to ensure the overlapping of responsible business practices and the fundamental values of Kale Group,
- To treat each one of the employees fairly and to make personnel understand that fair treatment does not mean everybody will be treated in the same manner,
- To make the personnel aware of the fact that the executives are ready to provide aid in relation to work ethics and compliance issues and that they can report any non-compliance and/or exploitation without being subject to any reaction,
- To consider the complaint report of the personnel in an appropriate manner,
- To respond to the conflicts of interest regarding personnel in a manner that the business decisions taken will be completely for the benefit of the company,
- To inform the Human Resources Manager or Top Management for the actions and behaviors those are against the ethical codes that are defined in this regulation.

3.3 Tenders:

Ethical Code tenders cover the indicated responsibilities and personnel activities that are investigated by internal controls. These tenders cover the following without any limitations;

- Wrongful declaration of official company records,
- Embezzlement,
- Theft,
- Conflicts of Interest,
- Bribery, seizure (blackmail) or accepting unsuitable gifts,
- Inappropriate use of company funds,

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- To spend excessive time on personal affairs or entertain a private visitor during the work hours,
- Known non-compliance with applicable laws and regulations,
- Hiding an incident of non-compliance with company procedure, standard or policy,
- Unauthorized disclosure of confidential information,
- Providing false information during an official company investigation,
- To contact with company/person for private business relations and/or personal debit/credit relationship that the subject matter company/person is in commercial business relationship with Group/Company.

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SECTION IV

SUSTAINABLE PRACTICES REGARDING CUSTOMERS AND SHAREHOLDERS

4.1 To Produce Sustainable Solutions for Customers:

The success of the company depends on the extent to which the requirements of the customers and consumers are met. Kale Group works to meet the responsible action expectations of the market. Kale Group's fundamental values require that the interaction it establishes is as important as the products and services it offers. In all customer relations, to be able to sustain the trust that the customers and companies place in Kale Group in the long run, it is necessary to display strong business practices.

At Kale Group it is essential to behave responsibly in receiving and giving gifts, entertaining and making business payments, conducting cross-border trading and protecting the confidentiality of customer and consumer information. The ways in which customers are treated depend on how their requirements will be met.

4.1.1 Gifts, Entertaining and Payments:

Kale Group aspires to have and maintain strong relations with its customers, suppliers and other business partners. Using of gifts or entertainments, or making payments that are against the law or business ethics for purposes of influencing the business decisions taken outside Kale Group is not acceptable. Under the foregoing circumstances, logical decisions and appropriate action must be taken to avoid behaving in any unsuitable manner.

The company does not encourage exchanging of gifts. Under rare conditions where arranging entertainment is appropriate and gifts are received or given, the employees will be required to comply with the principles indicated in the Personnel Regulation. In regards to the gifts and entertainment, the personnel will be required to ensure that

- It is compliant with the regional business practices,
- It has a clear and accurate commercial purpose,
- It is not perceived as a bribe, donation, personal support or an unsuitable payment
- It is not offered to affect a commercial relationship
- It does not violate the applicable laws and business ethics standard
- It does not put the company or personnel under any burden when announced to the public,
- It is approved by the company Chairman/ General Manager when their value is judged to be excessive or of a value that is equal to or more than the limit amount determined for each country by Kale Group.

4.1.2 Bribes and Commissions:

Bribes and commissions are illegal practices. Making a payment that would influence the outcome of a business decision or offering something of value to achieve the same result can be considered as offering a bribe or commission. Under no condition should personnel offer or request or accept or be

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willing to accept this type of payment. Even gifts that have no cash value can be considered as bribes and as such necessary care must be taken and the management must be informed accordingly.

4.1.3 Payments Made for Products and Services:

Commissions, discounts, deductions, credits and allowances pertaining to sales are conventional commercial payments. Personnel must refrain from making payments that are illegal and against business ethics. The financial regulations in effect must be observed.

Payments made or received by the company must be compliant with the following conditions

- They must be of reasonable value while the products and services provided are proportionate with the sector criteria,
- They must be totally justifiable,
- It must be possible to document as necessary, such as an agreement. The documentation must identify the structure and purpose of the transaction as required. In cases where execution of an agreement is not possible, the section or function approving the transaction must prepare and file a protocol explaining the nature of the payment under advisement from the legal affairs department. The cheque, bank remittance or credit receipt is drawn up in the name of the legal entity indicated in the original sales agreement or sales invoice according to the terms and conditions stated in the same,
- Payment must be made to the legal entity instead of the executives, personnel or representatives of the said legal entity,
- Payment must be arranged in compliance with the company or the business place of the legal entity appointed or the bank account and as per the practices of the country stated in the related sales agreement of invoice,
- Documents must not be altered, false declarations must not be made, or a value higher than the original must not be reported (invoices, consulate documents, letters of credit, etc.), this stipulation also covers concealing or neglecting of documents or information contained in documents or sending of documents intentionally to the wrong addresses,
- Payments including commissions, refunds, credits, discounts or allowances must be made according to the standards and the written commercial conditions.

The person approving the transaction will be responsible for understanding the transactions and behaving according to the requirements of the same to ensure that the transaction is carried out in full compliance with the situation and company policy.

Generally, if a payment is being made in the same country where the products and services are provided, then a special inspection or written request of the person to whom the payment is to be made would not be required. A payment determined to have violated tax; foreign exchange legislation or other laws must never be made. If the concerned employee is not sure of the legality of a payment or if a request against company policy is considered, then the opinion of the Legal Affairs Department and Finance Department must be obtained.

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4.1.4 Cross-Border Trade:

Laws, regulations, or the manner with which business is conducted can differ on the basis of the region in which Kale Group is operational. While Kale Group maintains its fundamental values and standards, it must at the same time comply with the local rules and legislation. For this reason, to ensure that Kale Group preserves its reputation as a company, each and every employee must understand and comply with the related laws and regulations.

4.1.4.1 Export Controls:

To export products, services and technology from one country to another the personnel will be required to understand and monitor the national and international laws, legislation and other rules. Export rules are related to the transfer of products from one country to another; however, the following restrictions can also be a consideration.

- Technical data transfer to a person in another country by means of internet, e-mail, interview, meetings and data base access (this restriction is applicable in regards to the information sharing with other company personnel and people other than the personnel),
- Transfer of company assets on the basis of a certain technology, such as taking the computer along in an overseas business trip by personnel,
- The fact that some export transactions require an export license to be issued by the state,
- Under some circumstances export control laws prohibit exports to be made to specific countries, companies or persons either directly or indirectly.

These rules are valid for transactions between Kale Group and affiliates, subsidiaries, and joint ventures of Kale Group, as well as the Kale Group and other companies.

Some export control laws in some regions may be in conflict with each other. For purposes of preventing these problems, the personnel will be required to obtain assistance from the Legal Affairs Directorate in regards to the laws and practices on products, services and technologies.

4.1.4.2 Export and Import Practices:

Customs Laws on one hand protect the local industries, national security and commercial rights of a country while on the other hand prevent the entry of the prohibited goods in the country. These rules are valid for transactions between Kale Group and affiliates, subsidiaries, and joint ventures of Kale Group, as well as the Kale Group and other companies. These rules require that correct classification, value and country of origin are stated for each and every product of Kale Group. Personnel must show reasonable effort in displaying the compliance of imports of Kale Group with applicable laws. This step requires as a minimum that the personnel report complete, accurate and detailed information in regards to the imported products, their place of manufacturing and exact costs.

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4.1.5 Confidentiality of Customer, Consumer, Supplier and Third Party Information:

Kale Group personnel have obligations against the company, customers, consumers, suppliers and 3rd parties to protect the confidentiality of their information. Based on the collected information, personnel cannot take advantages of customers or suppliers and cannot seek profit by giving wrong information.

Personnel must know the laws regarding the gathering, transfer and utilization of personal information belonging to the customers, consumers, suppliers and 3rd parties. On the basis of the type of information involved, in some countries important restrictions are applied as to how this type of information will be obtained. Furthermore, ensuring the security of payment cards may require physical and electronic protection in handling personal information as per the country laws and company policies. Personal information is information that defines/identifies a person. Personal information may include the name, surname, date of birth, commercial and personal address, commercial and personnel phone number, credit card number or citizenship number of customers, consumers, suppliers and 3rd parties . Kale Group must comply with all confidentiality laws in effect. In conducting cross-border trade the company, as per the applicable laws, might be required to use data transfer agreements with the customers, consumers, suppliers and 3rd parties.

4.2 To Establish Sustainable Growth for Shareholders:

The meaning of creating sustainable growth for the shareholders is to achieve good and continuous return on investments made. To be able to achieve this objective and still stay committed to the fundamental values, it would be necessary to use, and preserve, the company resources efficiently while handling all the conflicts that do not serve the interests of the company. Achieving sustainable growth for shareholders creates financial resources for Kale Group to produce better solutions for the customers and consumers. For this reason, protecting their investments is among the responsibilities of the company personnel.

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SECTION V

REALIZATION OF SUSTAINABLE PRACTICES FOR SOCIETY

Kale Group Environmental Management Fundamental Value plays an important role in the realization of commitments the company makes in the countries where it operates. Kale Group aims to protect the environment and manage its activities, products and services in the best possible manner while complying with the human rights standards in working against competition to achieve its objectives.

5.1 Competitive Practices:

Kale Group competes in the market to be able to respond to the requirements of its customers in the best possible way and to increase the value returned to its shareholders.

Almost all the laws regarding competition applicable in the countries where Kale Group is operational prohibit the execution of agreements or display of actions that would limit trade or reduce the effects of competition.

The violation of Laws of Competition involves following to take place among the competitors

- Fixing or controlling of prices, or determination of other sales terms and conditions (to give an example terms for extending credit),
- Boycotting of certain suppliers and customers,
- Allocation of customers, products, regions or markets,
- Agreements executed for purposes of restricting the manufacturing or sales of products.

In case of violation of this or other laws of competition may require subjecting the related personnel to disciplinary action.

The duties of personnel require the establishment of interaction with competitors, suppliers, customers and distributors, collection of information on competition, or if trade cooperation is necessary, then for the personnel to have in-depth understanding of applicable law/legislation. The information collected via inappropriate channel to ethical codes, about competitors, suppliers and/or distributors cannot be used as Group/Company's strategy. Personnel, in activities performed or interviews conducted together with other company representatives, must be diligent to ensure that competition law is not violated by 3rd parties.

5.2 Information on Competition:

Information on competition is important in ensuring the commercial success of the company and it is necessary to comply with legislation and business ethics in collecting this information together with the competitors. When personnel share the collected information about competition to department/manager, he/she should explain the source/method of collecting information.

There are punitive charges penalties for personnel that obtain information regarding other firms through illegal means. Personnel must undertake the responsibility to help prevent any heavy legal or

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Group Human Resources Directorate	Kale Group CEO

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punitive charges from being decreed against the company or its personnel by complying with the company rules.

In collecting information on competition the personnel must comply with the following requirements

- In introducing himself or explaining his reason for collecting information the employee must not make false declarations,
- The employee should not steal information from a competitor or another company,
- The employee should not let an agency or another person collect information on competition for the company in a manner that he himself should not employ.

5.3 Public Relations, Public Affairs and Travel of Foreign Public Officials:

There might be different kinds of responsibilities involved in working with public institutions and authorities. To give an example, the government of every country has specific rules regarding trade interactions. Regardless of whether the purpose of the relationship with public agencies is as a customer or a regulatory authority, the activity and interaction concerned must not lead to compromises being made in the business ethics of Kale Group.

5.3.1 General Relations with Public Officials:

In doing business with public sector agencies, the personnel will be required to understand how they operate. Some states can have limitations on the value of the gifts that their personnel can accept and the companies not complying with these restrictions can be subjected to penal charges. Even if it is not intended to affect a decision, giving a gift to a civil servant, even if its value is not high, can be considered inappropriate or illegal and deemed to be a bribe or commission. There can be some legal exceptions and as such the personnel must always discuss the payments foreseen to be made to the public officials with Kale Holding Institutional Communication and Public Relations Directorate and Legal Affairs Department.

5.3.2 State Contracts:

If products are supplied either directly or indirectly to a state, especially during the procurement process, the personnel are required to understand the rules of interaction pertaining to the potential or current procurements of the government. Doing business with public institutions may not be the same as doing business with other companies. Some applications accepted by private companies are not acceptable where the public sector institutions are concerned.

The rules specific to a government may cover many areas of business such as the gathering and monitoring of costs regarding products and services, protection of intellectual property rights, offering and accepting of gifts and entertainment and employment of former public officials. Furthermore, most of the time the governments may request that the supplier submits a certificate of qualification to meet the requirements of the contract to be executed.

Laws regarding public sector business are usually complex and in case of their violation both the company and the personnel in charge could be subject to punitive charges. If there is indecision

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regarding how to work with public officials, personnel will be required to consult Kale Holding Institutional Communication and Public Relations Directorate and the Legal Affairs Department.

5.3.3 Travel of Foreign Public Officials:

Due to commercial reasons, the officials of foreign states may need to visit the facilities of Kale Group. Under such circumstances, provided that the subject matter payments are compliant with the pre-determined conditions, permission could be given for Kale Group to meet the lodging, travel and food expenses of the foreign official to a limited and reasonable extent and subject to the following:

- The offer must be legal as per local laws and regulations,
- The payment must be made directly to the travel agency, hotel or restaurant by Kale Group,
- It must be directly related to the visit to the facility in terms of timing and location,
- It must be in keeping with the Travel and Entertainment Regulation of Kale Group as well as the restriction requirements (determined by the Chairman/General Manager as per the limits stated in the Travel and Entertainment Regulation.)

5.4 Environmental Protection and Sustainability:

The mission of Kale Group is to realize sustainable growth. While the areas that are environmentally affected are reduced in the active value chains, it is important to create values for shareholders and society. Kale Group must focus on its promise of to do business by showing the necessary care and respect for the protection of environment.

It is the personnel's duty to comply with the laws on environment. The management is responsible of training and encouraging the personnel to understand and comply with all policies, regulations, procedures and laws in effect. Furthermore, personnel are responsible for complying with Kale Group's Occupational Health and Safety statute, environmental policies, standards and principles.

5.5 Product Management:

Product management in Kale Group covers the protection of the shareholders, predicting and responding to the expectations and requirements of society, and product applications to minimize the use of resources and energy. Kale Group adopted the objective of good management of its products and services.

Personnel must understand the product management program of the company as well as their role in this program.

Personnel in Product Management process can

- Monitor the quality and effectiveness of products,
- Predict and respond to the societal, customer, industrial and legal expectations and requirements,
- Minimize the use of resources and energy for their customers, society and people,
- Offer products with a competitive advantage.

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5.6 Human Rights:

Kale Group targets to protect and improve human rights wherever the company is operational and as such it prefers to do business with companies that have adopted the same principles and comply with the labour law.

Kale Group Companies never work with the companies those are subjected to embargo because of human rights violation without any written consent of Kale Group's Top Management.

Personnel must perform business activities in a manner that is compliant with the business ethics and responsibility that supports the respect and protection of human rights. Personnel must endeavor to conduct business with companies they have determined as operating in the same manner.

Occupational Health and Safety, environmental management, ethical behavior and respect to human rights are all based on the fundamental values of the Group. The policies and regulations of the company are arranged on the basis of the foregoing.

It is the duty of the personnel, regardless of position, to comply with these policies and laws in effect. The management is responsible for training and encouraging personnel to comply with these policies and applicable laws.

5.7 Contact with Parties Outside the Company:

Kale Group ensures that the Group Companies and Business Interests of the company are represented accurately and without any deficiencies.

Only authorized personnel can speak for the company before the members of the press, printed and oral media, public and security officials and 3rd parties. If personnel have not been appointed previously to conduct business discussions with parties from outside the company, then the questions must be directed to the following management levels in the company.

- CEO
- Chairman/General Manager
- Marketing Vice-Chairman/Assistant General Manager
- Institutional Communication and Public Relations Directorate
- CFO
- Legal Affairs Director,
- Group Human Resources Director

5.8 Maintenance of Sustainability Culture for the Personnel:

The quality of the business place affects the success of the company. The work environment influences the success and motivation of the personnel, who in return help with the success of the company.

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Showing respect to humans is one of the fundamental values of Kale Group and as such it is an important factor in helping to sustain a positive and constructive business establishment. Kale Group targets to have personnel that are respectful towards their colleagues, as well as being appreciative of the opinions of and contributions their colleagues make to the company.

5.8.1 Respecting Human Rights:

Achieving success for all stakeholders can only be possible with the achievement of a business environment fostering mutual respect, showing appreciation of contributions made by each member, and encouraging fair treatment.

5.8.2 Equality of Opportunity and No Discrimination:

Kale Group in relation to a job application made to Kale Group or regarding a person, adopts the principle of no discrimination on the basis of age (within the scope of the legal limit), race, religion, language, gender, disability, nationality, genealogy, marital status, sexual preference, gender ID, facial expression or seniority, including considerations such as recruitment, promotion, demotion, transfer, worker recruitment, termination of labor contract, and selecting people for wage and other types of compensation and training. Kale Group expects all its personnel to act in line with the said principle.

5.8.3 Prohibition of Harassment :

Regardless of the underlying circumstances, there is no tolerance for harassment in Kale Group. Harassment may significantly affect the work performance of an employee while creating an intimidating and daunting work environment. Harassment may include belittling, condescending comments, work benefits in return for sexual favors or other predatory behavior. Harassment may include aggressive action taken by or against Kale Group Personnel, Company Customers, Suppliers or other business partners. Inappropriate use of the company's computer and communication systems may include discrimination on the basis of gender, race or otherwise as well as any and all kinds of harassment, discrimination or access to material with sexual or other types of disturbing content. Exploitation of electronic communication sources of the company regardless of the media used, constitute serious misdemeanor and the person acting in this manner is given a disciplinary penalty.

Personnel suspicious or becoming aware of discrimination or harassment must inform the Human Resources Department of the situation.

5.8.4 Confidentiality of Personal Information:

Kale Group is aware of the value of its employees and respects the confidentiality of their personal information. Kale Group reasonably protects the privacy of its present and former employees as well as the confidentiality of the personal information collected on its employees.

Kale Group informs its personnel with regards to personal information collected and how this information is going to be used in the management of rights other than wages, indemnity and computer access and security. The personnel are expected to comply with company policies and procedures to protect the subject matter personal information.

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Information of job grade, wage, performance evaluation and premium of personnel is confidential. Personnel cannot share these private information with anyone and not to try to learn others' private information. To protect those information determined in Kale Group Confidentiality of Information Policy, personnel is requested to comply with the policy and procedure.

5.9 Utilization of Company Assets for Personal Benefits:

Facilities such as offices, telephones and computers as well as devices and related services are intended to be used for company business. This includes e-mail, voice mail, internet, and intranet access is included in the foregoing services. Kale Group is entitled to monitor the work place and company communication, and search company property for purposes of protecting the safety and respectability of the establishment and employees as well. In doing so Kale Group acts in compliance with the laws in effect. Furthermore, Kale Group is entitled to monitor the work place and company communication, and search company property in line with applicable laws for purposes of protecting the safety and respectability of the establishment and employees while preventing crimes and ensuring the security of the information of Kale Group. Kale Group can submit this communication information and materials to courts and legal authorities.

5.10 Health and Safety:

Kale Group is of the opinion that all injuries, occupational diseases as well as security and environmental issues are preventable. The company targets not to experience this sort of incidents. The Group, at the same time, promotes the safety of its personnel outside the work place.

Each and every employee is responsible for complying with the applicable safety and health laws, regulations and procedures. Management is responsible for training and encouraging its personnel to ensure that they understand and apply the safety and health legislation in effect. Each and every employee is responsible for complying with Kale Group's Health, Safety and Environment Policies, standards and principles.

SECTION VI

CONFLICTS OF INTEREST

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6.1 General Principles:

Personnel must ensure that personal activities and interests are not in conflict with their responsibilities towards the company.

Conflicts of interest may include the following:

- Job, employment and other activities performed outside the company,
- Utilization and leaking of company information,
- Company opportunities,
- Political activities and participation in such,
- As known to the employee, having an establishment unrelated to the company but to which one of the family members of the employee has close financial ties, to do or attempts to do business with the company or in competition with the company,
- Due to the position held by the employee in the company, a family member of the employee obtains personal gain (for example from trade partners of the company),
- Other arrangements or situations including the family and other personal relations that may prevent the employee from acting in line with the company benefits,
- It is against company policy for an executive to manage / supervise a member of his/her family or to enter a romantic relationship with someone that reports to him/her. An employee being faced with such a situation is required to discuss the subjects with his/her manager or human resources department.

6.2 Reviewing of a Possible Conflict of Interest:

Management reviews whether the personal interests of an employee affect his 'decision making', which must normally and fully be oriented to meet the interests of the company, or whether there is any indication of circumstances described above.

The thoughts and opinions could include the following:

- The benefits outside the company may in reality be related to the company or in competition with the job, function, title of the employee or the company operations.
- The responsibilities of the employee may include decision making or influencing the decision to be taken in the field in which the employee experiences the conflict of interest.
- Disclosing the interests outside the company to the public may jeopardize the company's situation.
- The employee is able to reach company information that can be used for personal interests outside the company.
- Regarding activity outside the company for which a conflict of interest exists, the family members of the employee are playing an active, managing or decision making role.

Any questions, issues or recommendations regarding personnel conflicts of interest can be shared with managers or the Human Resources Department.

6.3 Important Financial Benefits:

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Any financial benefits derived by the employee or his/her family from commercial cooperation established with the companies that do business with or are competitors of the Group Companies cannot be accepted. For an employee in this situation to continue being employed by the Group, the subject matter chain of interest must be removed. The burden of proof that this condition has been established rests with the employee.

6.4 Explanation and Handling of a Potential Conflict of Interest:

In case of a risk or occurrence of conflict of interest, the employee must promptly inform management in writing of such conflict in detail. The Company, for purposes other than protecting the interests of the Group, holds any such explanations confidential. Management reviews these issues and takes the measures that would remove any probable conflicts.

6.4.1 Employment Outside the Company, Work and Work Activities:

Potential situations of conflict of interest regarding the activities of an employee outside the company

- To assume a position as a manager, officer, advisor, manager or technician or other important role in an organization that does business or in competition with the company regardless of whether such post requires only a part of the day,
- Presently or probably acting as a broker, intermediary or agent for another party in matters that interest the company or affects the interests of the company,
- Including the management of a separate place of business, for the employee to be employed by another establishment in a manner that would affect his/her performance of duties at the company,
- For the employee to give presentations or write articles or texts regarding his professional field. Before reaching a decision regarding this activity, the manager of the employee must review the situation. This type of activity must not affect the job performance of the employee,
- In relation to an activity outside the company having the potential to gain either the support or sponsorship of the same, exploiting the title or position of the employee in the company,
- Exploitation of company property, information or the position of the employee in the company to obtain personal gain,
- Other than when the employee is approved by his/her supervisor; using company vehicles or facilities for an activity unrelated to the company,
- Conducting any outside job or activity on company time.

To prevent the above indicated circumstances turning into real conflicts of interest, employees are encouraged to discuss with their executives any potential cases before they become a reality.

6.4.2 Insider Trading (Information Leakage):

Confidential Information is any information that is not open to the public and is important to the extent that upon its disclosure it can impact the company image, financial activities and status from each and every aspect. For example, data regarding expected income, information on a merger or an acquisition, important product launches, intellectual property rights and information on developments regarding legal conflicts can fall into this category. Personnel must never disclose confidential information to

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persons that may use this information to damage the image, financial activities and status of the company. This restriction shall be applicable for the personnel in possession of confidential information regarding other companies of Kale Group. The penalties regarding insider traders are very severe in case they violate commercial laws.

As an example of what a company may consider confidential information, learning that an announcement is imminent regarding a new invention that may change the shape of the company and market, or information regarding a planned big investment to be made by the company in a publicly traded competitive firm, or the fact that Kale Group is about to grant an important contract to another publicly traded company can be listed.

6.4.3 Company Opportunities:

While employed by Kale Group, it is possible for the personnel to obtain information regarding the company opportunities that serve the purposes of the company or work on developing the said opportunities. The personnel must never attempt to benefit unduly from these situations.

Personnel must never try to benefit personally from commercial opportunities that are created by using company property, information or their position in the company.

Personnel cannot be in direct or indirect competition with the company for opportunities that the company has been pursuing

The following constitute examples for company opportunities;

- To determine a compound quite unexpectedly as a side product of a research project and to become aware that this compound may have a market value,
- Learning that the company is interested in acquiring a property that can previously be purchased by someone to be later on sold to the company,
- Development of a process that would decrease environmental pollution by the business unit and learning that this process might prove to be valuable to some other companies.

6.4.4 Political Contributions and Activities:

Kale Group of companies has adopted a political understanding that is beyond parties.

Personnel cannot take an active role in any political party in term of office. Unless it encroaches on company funds or other resources of the company, personnel can make personal and direct or indirect donations to a political party, committee or a nominee of their choice. No one under any condition may apply any pressure on the employee either directly or indirectly to support a political party or a political nominee or to affiliate into a political party.

The employees are not allowed to use company facilities for political speeches or for other political purposes.

6.5 Company Assets:

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Protection and correct utilization of company assets must be a fundamental duty of each and every employee. Company assets include things like physical property, and intellectual property like information, data, records, brands, innovations, and copyrights.

Employees are required to abide by the responsibilities indicated below;

- **Asset Acquisitions:** when acquiring assets for company use necessary research must be conducted and decisions must be reached accordingly. It is necessary to buy assets that meet the determined standards of the company. Procurement of supplies and raw material must be realized at suitable prices and as per Purchasing Regulations to ensure the compliance of Kale Group with standards.
- **Utilization and Management of Assets:** to prevent value loss of any company resource during their utilization, utmost care must be shown.
- **Protection of assets:** Company assets must be protected against misuse and theft by other people. For purposes of preventing unauthorized use, company property and information must be maintained at safe and secure places.
- **Sharing of assets:** Company assets must only be shared with people outside the company where an authorization to do so exists. When doing this the value of the asset must not be compromised and no law or regulation can be violated.
- **Following the procedures:** It is required to follow a security program to protect physical assets and other resources against unauthorized use, theft, and losses arising from offenses or misuse of means of security.
- **Disposal of assets:** disposal of company assets is only possible in line with the company procedures, under appropriate authorization and as required.
- **Exploitation of assets:** It is the responsibility of the entire personnel to ensure that the company assets are not exploited and that they are protected against such exploitation by following the company policies.

6.6 Computer and Communication Systems:

Company resources in this field include computers, related hardware, communication network (including internet access), software, telephone and voice mail systems and personal digital devices. Personnel must keep an eye on these resources and protect the data that these systems contain. Furthermore, the computers may include confidential and sensitive information and the company personnel may be required to follow the company policies and procedures to ensure that computers are encoded and protected against theft. Company standards regarding electronic data security has been arranged within the framework of the regulation published by the IT Directorate. It is required that the entire personnel to comply with this regulation within the framework of Ethical Codes Regulation.

6.7 Publicly Non-Disclosed Information:

It carries critical importance for the company personnel to protect the company information that has not been disclosed to public. Information of the company that has economic value and not disclosed to public is considered Confidential Information. The following are considered among the confidential information of the company: business plans, pricing and costing information, research and

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development plans and strategies, research data and findings, product formulas, contents and prescriptions, process and design information. The confidential issues that have previously been discussed are an example of information that is undisclosed to the public, and considered to be commercial secrets that cannot be shared with other without prior authorization.

Personnel are required to be aware of the commercial secrets and take the necessary measures for effective protection of these secrets as per Commercial Secrets Policy of Kale Group. Furthermore, the entire personnel will be required to protect undisclosed information against unauthorized access, use or disclosure by following the policies of IT Directorate.

Commercial secrets and other confidential information can only be disclosed to the 3rd parties under a confidentiality agreement that is in effect and remains in effect regarding disclosure. In disclosing information to the 3rd parties confidential information must be marked so along with any copies available. Furthermore, the disclosure must be limited to the information necessary to serve the purpose of the job. Before an employee signs the subject matter agreement and received the information, Legal Affairs Department must examine the confidentiality agreements given to Kale Group by other parties.

Information regarding Kale Group is classified as follows;

- **Special Controls**– This type information has highest sensitivity. When this type of information ends up in wrong hands, the image and financial stability of Kale Group can be severely impacted. To give an example, income reports, operating instructions for production processes, factory designs, forecasts and business strategies are classified in this group.
- **Confidential**– This is highly sensitive information due to its timing, financial effect or special personal nature. It is shared only with people who need to know. To give an example, financial and technical information subject to intellectual property rights, business purposes, planned marketing approach, labor contracts and organizational changes are among those.
- **For Internal use only**– Information of Kale Group that is undisclosed to public. To give an example, engineering standards, technical information intended for only the customers and used by sales representatives, general commercial correspondence and communication are among those.
- **Disclosed to Public**– This is the type of information that is specifically distributed to customers, shareholders, media and other people. To give an example; annual reports of Kale Group, production forms and product advertising studies are among those.

6.8 Innovations and Designs:

An innovation or design involves a new and useful study conducted in regards to a composition, process, method or device. Like trade secrets, innovations and designs may provide competitive advantage to Kale Group. Company employees are required to protect company innovations and designs in an effective manner.

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The protection of company's innovations and designs involves application to the authorities regarding for patent/registration on the basis of the competitive environment the company faces. To give an example, when it is not possible to acquire an applicable patent/registration, the company instead of opening the application file to the public can have it secreted away as a trade secret. Under other conditions where obtaining a patent or registration would not change much, the definition of the innovation or design can be published to prevent other people from making patent or registration applications.

Personnel must provide assistance regarding the violation of applicable patents/registrations by other people. Prior to the launch of a new product or start of a new industrial process, the responsible unit must perform an appropriate patent/registration assessment and action must be taken as per the principles indicated in Patent and Utility Model and Registration and Design Regulation.

6.9 Brands, Trademarks and Copy Rights:

Kale Group protects its intellectual property rights disclosed to the public by means of trademarks, patents and copyrights. To give an example Kale Group Brand is the most important assets of the company and as such the protection of this brand must be ensured by the personnel.

To protect the company brands, trademarks and copyrights personnel must:

- Learn and use correctly the Kale Group Brand Identity System,
- Be aware of possible exploitation of Kale Group's brands on the internet and by customers, suppliers and competitors,
- Inform the management upon determining brand exploitation or violation.

Furthermore, the personnel will be required to respect and use appropriately the rights of other people regarding registered trademarks and copyrights including the copying and distribution of personnel material or the use of computer software.

6.10 Records and Reporting:

All the information produced by the Company is considered as records, regardless of how they are being protected. Record samples contain: financial, accounting, technical and sales reports, production reports, R&D records, personnel files, security, health and environmental information, contracts, marketing information, and business plans, etc.

The personnel shall ensure the following with regards to all company accounts and records:

- Should be able to define and determine the commercial transactions, assets, liabilities, or capital characteristics and nature in a true and explicit manner.
- Should ensure documenting in the proper manner entries into accounting records in line with the accounting principles the company has adopted, and their timely classification and recording.

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- Records regarding accounting transactions and financial reporting should be in accordance with the company accounting policy, and generally accepted accounting principles and standards. When creating, maintaining, or disposing of Kale Group personnel records, they should comply with the Personnel Policy of Kale Group (and it should be ensured that all our subcontractors and advisors who manage Kale Group records also comply). Personnel should not under any circumstances make any intentional record entries that are not true, distorted, misleading, or misdirected intentionally deficient or taken under pressure. Inaccurate accounting and documenting and fraudulent financial reporting: violates company policy and legal and mandatory accounting standards. Such behavior shall cause the company as well as staff in charge to be fined and judicially punished.

Many record classifications such as Occupational Health and Safety requirements and accounting standards are subject to laws and regulations. As long as there are no contradictions with requirements, laws, and regulations, personnel have to comply with the record audit requirements within the program. Personnel need to consult the Department of Legal Affairs and Department of Financial Affairs under such circumstances.

Internal audit standards and procedures of the company: These have been created with the purpose of ensuring the conservation of assets, and their proper use, and to ensure that financial records and reporting are correct and reliable. Personnel are jointly responsible for maintaining and complying with the necessary internal audits.

6.10.1 Non-Compliant Record Keeping:

Personnel are expected to display sensitivity with respect to keeping of any records within the company which are incompatible.

Incompatible records contain information such as:

- Wrong classification of amounts between cost and capital,
- Inflating costs and income in a manner that is not consistent with generally accepted accounting principles, and these not being kept in a timely manner,
- Wrong classification of unsalable inventories as acceptable, finished products,
- Misreporting of travel and expenditure reports.

6.10.2 Reporting and Repayment of Expenses:

Travel and entertainment expenses of personnel should be consistent with the requirements of the business and should also follow company policies and procedures. The purpose of the company is to ensure that any employee does not experience a financial loss or gain due to business travel and entertainment. The personnel are also expected to have the same approach within the framework of

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behavior ethics. Personnel are expected to dispose of company assets (such as money, etc.) with the same care and attention they would show to their own assets.

Personnel who submit or approve travel and entertainment reports have a responsibility to:

- Ensure that expenditures are true and reasonable,
- Immediately submit any expenditure report,
- Appropriately support the reported expenditures of slips and explanations.

6.11 Leaving the Company:

Personnel who are leaving the company must:

- Shall immediately return all company assets including physical materials, such as computers, cell phones, company vehicles, call cards, modems, pass cards, keys, business cards, and electronic recording medium, as well as Kale Group information assets,
- Not take any copies of Kale Group information when leaving, and
- Not disclose any Kale Group information that is not publicly disclosed after leaving the company.

Non-Abidance with the said liabilities may result in being condemned to heavy judicial punishments and monetary fines.

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SECTION VII

ENFORCEMENT PROVISIONS

7.1 Acceptance of Regulation:

This regulation is distributed to current personnel in written, by posting on company's communication boards, by publishing on Kale Group Portal and by sending an e-mail. Personnel read this regulation and give letter of undertaking to his/her department manager by signing in 2 (two) work days. The department manager delivers letter of undertaking to Human Resources Department. Same procedure is applied to the new personnel at his/her first workday in the company. Therefore, this regulation has value as an addition of Labour Contract. Additional instructions, circular, prescription and procedures published by employer are inseparable part of this regulation. Changes in the content of this regulation are announced by hanging to company's communication boards, by publishing on Kale Group Portal and by sending an e-mail.

7.2 Responsibilities:

The Group Human Resources Directorate is responsible for the drafting, and when necessary for the update of this regulation. Top level Chief Executives, Assistant Chief Executives, General Managers, Assistant General Managers and Human Resources Managers are responsible for its enforcement, and the top level Human Resources Executives of the concerned companies are responsible for ensuring its issue and distribution.

7.3 Authority to Abrogate:

The Employer may amend, modify this regulation, or may revoke any of its provisions, when required, by posting a notice on the bulletin board at the workplace or by way of electronic mail.

Provisions in the regulation, which are amended or revoked, do not constitute vested rights. The CEO of Kale Group has the authority to partially or completely revoke this Ethical Codes Regulation.

7.4 Enforcement:

The Ethics Codes Regulation has entered into force on the date of **27/06/2012**.

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