

DIRECTIVE			
Subject	Takasbank Directive on Code of Ethics		
Relevant Department	Internal Control and Compliance Department		
Document No.	YNR.İKU.002	V:2.0	Internal



TAKASBANK DIRECTIVE ON CODE OF ETHICS

DOCUMENT BACKGROUND				
Ver. No	Date	Prepared / Revised by	Approved by	Explanation
1.0	23/05/2018	Internal Control and Compliance Department	Board of Directors	Initial version
2.0	21/03/2019	Internal Control and Compliance Department	Board of Directors	It has been revised to make it compatible with Takasbank Personnel Directive, by taking account of the market practices.

TABLE OF CONTENTS

CHAPTER ONE.....	3
Purpose, Scope, Basis, Definitions and General Principles	3
ARTICLE 1 - Purpose	3
ARTICLE 2 - Scope	3
ARTICLE 3 - Basis.....	3
ARTICLE 4 - Definitions	3
ARTICLE 5 - General Principles.....	3
CHAPTER TWO.....	4
Code of Ethics Implementation Areas	4
ARTICLE 6 - Implementation areas relating to the employees	4
ARTICLE 7 - Implementation areas on the judicial issues	6
ARTICLE 8 - Implementation areas in the customer relationships.....	6
ARTICLE 9 - Implementation areas relating to third parties	7
CHAPTER THREE.....	8
Feedback and Monitoring.....	8
ARTICLE 10 - Application principles for violation of the code of ethics	8
ARTICLE 11 - Monitoring compliance with the code of ethics	8
CHAPTER FOUR	8
Miscellaneous and Final Provisions	8
ARTICLE 12 - Enforcement.....	8
ARTICLE 13 - Execution.....	8

TAKASBANK DIRECTIVE ON CODE OF ETHICS

CHAPTER ONE

Purpose, Scope, Basis, Definitions and General Principles

ARTICLE 1 - Purpose

- (1) The purpose of this Directive is to prevent any disagreement and conflict of interest that may arise between the Bank and the employees, customers, stakeholders and other institutions.

ARTICLE 2 - Scope

- (2) The provisions of this Directive cover all Bank employees including the Members of the Board of Directors.

ARTICLE 3 - Basis

- (3) This Directive has been prepared based on the Banking Law No.5411 and in accordance with the Code of Banking Ethics published by the Banks Association of Turkey.

ARTICLE 4 - Definitions

- (1) The following terms used in this Directive shall have the following meanings;
- Bank (Takasbank):** Istanbul Settlement and Custody Bank Inc.
 - Ethics:** An entire system of measures examining the values, norms and rules underlying the individual and social relations, from a moral perspective such as right-and-wrong, good-and-bad, etc.
 - General Manager:** The General Manager of Takasbank.
 - Insider Trading:** The use with an intention to gain personal advantage of non-public information included in the field of activity of Takasbank and accessible by virtue of the work.
 - Bribery:** The act of giving, directly or indirectly, money or an advantage to the employees with the aim of influencing the decisions and actions.
 - Board of Directors:** The Board of Directors of Takasbank.

ARTICLE 5 - General Principles

- All Bank employees including the Members of the Board of Directors are obliged to comply with and apply these ethical principles. The Members of the Board of Directors and all Bank employees undertake to comply with the provisions referred to in these code of ethics.
- The implementation, supervision and reporting of the issues referred to in this Directive at the Bank and ensuring that the necessary measures have been taken to comply with the Code of Ethics are under the responsibility of the Board of Directors.
- In case of any situation non-compliant with the Code of Ethics or in which there is a concern for such, each Board Member has an individual obligation to inform the Board of Directors of this situation.
- The Bank does not tolerate any disorderly conduct and offence; any situation such as conflict of interest, fraud, abuse, corruption, forgery, bribery, extortion, theft, embezzlement, misrepresentation, deceit and conspiracy that might occur inside and outside the Bank.
- The Bank operates in accordance with the following general principles with an intention to protect the rights and interests of the customers, ensure safety and stability in the financial markets, facilitate

efficient operation of the clearing and settlement, transfer, lending, credit and payment systems, prevent any transaction and operation that may cause significant losses in the economy as well as observe societal benefit and protect the environment.

- a) **Information Abuse:** The Bank takes all necessary measures to prevent the misuse of insider information about the Bank and its customers.
- b) **Honesty:** The Bank stays loyal to the principle of honesty when carrying out its activities.
- c) **Reliability:** In all services and transactions, the Bank provides clear, understandable and accurate information to the customers based on mutual trust, and fulfills its customer services in a timely and complete manner.
- d) **Transparency:** The Bank informs its customers in clear, understandable and precise manner on issues such as the rights and obligations, benefits and risks regarding the products and services offered to them. Before providing any product, service or advice, it actively analyses its customers and their financial capacity, position and needs, and offers the products and services accordingly.
- e) **Laundering of Assets Derived from Crime and Fight against Financing of Terrorism:** In accordance with the international norms and the provisions of national legislation, the Bank adopts as a fundamental principle the fight against laundering of assets derived from crime and combatting against corruption and similar offenses and endeavors to cooperate with the relevant entities and institutions.
- f) **Impartiality:** By relying on the principle that “Respect to human serves as the basis for success”, the Bank does not discriminate among its employees nor its customers and refrains from any prejudiced behavior. In its services and transactions, the Bank makes no discrimination such as nation, religion, financial and social status and gender, etc.
- g) **Observing Societal Benefit and Respect to Environment:** The Bank shows diligence to provide support to all types of social and cultural activities in the light of principles of observing, aside from the profitability, the societal benefit and respect to the environment.

CHAPTER TWO

Code of Ethics Implementation Areas

ARTICLE 6 - Implementation areas relating to the employees

- (1) **General Characteristics of the Employees:** The Bank looks after its employees to be comprised of those having the necessary knowledge, experience and sense of responsibility required by their jobs. It does not employ any personnel failing to meet the legal requirements referred to in the relevant legislation.
- (2) **Recruitment and Career Development:** The Bank pays attention to provide equal opportunities in the recruitment and career development without discriminating among the employees. The Bank provides training, courses, seminars and similar facilities to enable its employees to reach the level of knowledge required by the profession. In the professional promotion of its employees; their knowledge, skills and personal accomplishment as well as their commitment to the Code of Ethics required by the financial sector and the diligence in the application of such principles are also taken into account.
- (3) **Principles of Representation and Work Environment:** In a compatible manner with their profession, the employees must be clean and well-groomed with the awareness that they are representing the Bank. By taking the measures to increase the motivation of employees and render service at better conditions, a healthy and secure work environment is provided.

- (4) Working Hours: The Bank pays due care to employ an adequate number of employees compatible with its workload, organizes its employees in a manner to get the maximum productivity during the working hours and not to cause any overtime, and shows utmost effort to ensure its employees to regularly take their annual leaves.
- (5) Gifts Given/Received: The Bank employees cannot accept any gift which may lead to any suspicion at third parties about the impartiality of the corporate judgement and decisions.
- (6) Conflict of Interest: The employees cannot engage in any behavior which may lead to a conflict between the Bank and their own interests. In their relationships with third parties, the Bank employees observe the interests of the Bank at every stage of their jobs.
- (7) Indebtedness: The employees cannot, under any circumstances, borrow money and obtain any advantage from, nor can engage in any surety relationship with the customers and third parties when performing their jobs or in relation to their duties. The employees cannot borrow over their financial capacity.
- (8) Insider Trading: The employees cannot engage in any financial product trading with an intention to gain advantage either personally or in favor of third parties through information received inside, nor can share with third parties any information about the products and services to be newly launched or those which may affect the share values of the Bank.
- (9) Relationships with the Employees: The Bank carries out its relationships with its employees in accordance with the Principles stipulated in the Code of Ethics. The Bank looks after its employees to be comprised of those having the necessary knowledge, experience and sense of responsibility required by their jobs, and shows due care to provide them equal opportunities in the recruitment and career development without making any discrimination.
- (10) Authorization: The employees cannot conduct any transaction falling outside the scope of their power/job description except for the temporary assignments. Any authorization erroneously defined to the employees, which is not related to their duties does not mean that such authorization can be exercised. The passwords specific to the employees cannot be shared under any circumstances with another employee or third party. In case of any transaction conducted by the employees out of their defined authorizations, the disciplinary provisions stipulated in the Personnel Directive shall be applied.
- (11) Use of Bank Assets and Technology: All type of goods, assets, equipment, vehicles, computers, computer programs and the like under the possession of the Bank and provided to its employees to carry out the daily operations cannot be used by any of its employee for any personal interest nor can for the benefit of another person. The phones, personal computers, photocopy and fax machines, post service, email, announcement boards and the meeting rooms of the Bank are mainly for the use of the Bank.
- (12) External Assignment: The employees cannot directly or indirectly engage in any activity which would require them to be considered traders or tradesmen. They cannot serve as a board member and/or auditor in any company other than the affiliates/subsidiaries of the Bank. The employees may get requests for participation in external events as a paid or unpaid speaker or consultant based on the experiences they have acquired during the course of their business life. Such type of requests shall be evaluated by the General Manager to determine whether or not there is any conflict between the personal and corporate interests.
- (13) Business-Related Communication and Records: All types of written or verbal communication must be made in a professional manner and in accordance with the ethical principles. Such communication must clearly reflect the ethical values and expectations of the Bank and point out the presence of a sound personal judgement. Exaggeration, ambiguous expressions, legal speculations and condescending phrases and attitudes toward the individuals, entities and their products and services must be avoided at all times.

- (14) Abuse of Duty and Power: Any act and behavior which are considered as the misuse of duty and power requires immediate termination of the employee's employment contract. In such cases, the provisions of the Personal Directive regarding the disciplinary penalties shall be reserved.
- (15) Psychological Violence in the Workplace: The employees cannot apply any psychological violence on each other for any reason. In order to speak about the presence of psychological violence in the workplace, it must show continuity, be made deliberately and have an intention for intimidation, resignation, etc. and cause psychological damage in the victim. In case of identification of such actions, the penalties required by the legislation s
- (16) Personnel Mobility: The Bank refrains from any action which may lead to unfair competition on personnel recruitment. Although there is the freedom of contract in the recruitment of personnel pursuant to the Labor Law and the provisions of the relevant legislation, it shall be acted in the recruitment in a manner not to hinder the services of the institutions operating in the sector.

ARTICLE 7 - Implementation areas on the judicial issues

- (1) Legislative Compliance: The Bank employees shall comply with all international norms and the regulations and standards stipulated in the provisions of the national legislation it is subject to. The relevant legislation shall be announced to all employees and updated.
- (2) Accurate Book & Record Keeping: Integrity, accuracy and reliability in all types of records, documents and financial statements issued in the name of the Bank bear particular importance with respect to the continuity of the Bank's success and its future. To that end, the employees are obliged to ensure the accuracy of all records, documents and papers and their compliance with the legislation in all transactions they carry out. All records must reflect the conducted transactions accurately and according to their time, and in case of any error, they must be immediately corrected. If any deception, modification and/or negligence is identified during the Bank's ordinary course of business, an upper-level manager must be promptly informed of this situation.

ARTICLE 8 - Implementation areas in the customer relationships

- (1) Rules for Protection of Customer Interests: The Bank acts in line with the principles stipulated in this document for all types of product and service it provides to its customers. The Bank provides fair and impartial service to the customers receiving the same service. The main objective of the Bank is to be able to fulfill the needs of its customers at the utmost level. In the relationships established with the customers, the transactions are carried out by transferring accurate, complete and timely information within the limits set forth in the legislation, but also in a courteous and professional manner. In providing its products and customers, the Bank looks after the customer interests and informs its customers in a fair, clear and transparent manner. It regularly measures the customer satisfaction as well as the service quality in the customer relationships, and takes the necessary actions accordingly.
- (2) Product and Service Security: In the products and services it offers to its customers, the Bank keeps the security of its customers in the forefront. It does not involve in any product or service implementation that would jeopardize or impair the security of the customers. Along with the measures aiming to protect the sector-specific service environments against any unfavorable situation, the Bank also deals with, in accordance with the security policies, the prevention of any type of violation which may technically cause any damage in the services offered to the customers and in the information sharing by the employees and their behaviors and attitudes in the general service process. By virtue of the service channels changing in line with the technological developments, all necessary measures are taken and their up-to-dateness is ensured to assure the trading security in all service environments. The customers are continuously informed of the measures taken and those that must be taken by them.
- (3) Information: The Bank considers the questions and problems of its customers regarding the services being provided as a part of the quality management. The employees are informed thereof in order to correct and prevent the recurrence of any improper practice leading to the customer dissatisfaction.

ARTICLE 9 - Implementation areas relating to third parties

- (1) Competition and Relationships with the Competitors: In its relationships with the competitors, the Bank acts in accordance with the professional code of conduct and with the understanding of providing information and service without reviling against its competitors and giving any misleading information. To that end, it exchanges information with other financial institutions on every issue in an accurate and systematic manner. The Bank never enters into unfair competition in performing its activities. Pursuant to the principles of continuity of trust in the sector, development of the sector and observance of the common interests, it does not make any representation or engage in any action which could lead to unfair competition. This situation is applicable for the Bank legal personality but also for all employees.
- (2) Third Party Intellectual Property Rights: Because of its respect for ethical principles and the rights and personal freedom of third parties, the Bank cannot act in a manner to disseize the intellectual property rights of third parties or use them unfairly; and it takes all necessary measures accordingly.
- (3) Observing Societal Benefit, Respect to Environment and Social Responsibility: In addition to achieve commercial profitability in all of its services and operations, the Bank also shows diligence to the arrangements related to the environment and public health along with providing support to the social and cultural events in the light of principles of observing societal benefit and respect to environment.
- (4) Politics and Relationships: The Bank, in line with its ethical principles and working principles, adopts a working approach independent of politics and does not make any political orientation to its customers or employees. The employees are prohibited from taking an active role in any political party. No employee can deal with politics-related fund management and campaign activities at the workplace or use the Bank for such activities. No donation can be made on behalf of the Bank to the political parties, political organizations and the representatives and candidates of such type of groups to obtain, directly or indirectly, an advantage. The employees cannot provide any material or immaterial support to the political parties on behalf of the Bank. The employees cannot ask for any donation or make similar requests from the customers or other employees on behalf of any political party or even of various institutions. None of the employees can ask from other employees to give support to or oppose against any political group or candidate; and they cannot issue any political announcement and take part in their distribution.
- (5) Relationships with Public Entities: The Bank may communicate with the public entities and institutions at different levels for various activities. The information, documents and records requested for audit and control purposes are conveyed to the relevant authorities in a complete, accurate and timely manner. As in the relations with other parties, it is also refrained in the relationships with the public entities from any request for favoritism or any action which may give the impression of directing the decisions of the counterparty. In the relationships with the public entities, the employees must behave in the manner to properly represent the Bank in any environment and platform.
- (6) Relationships with Media: In the relationships with media, the employees refrain from any statement and behavior that might lead to any speculation, adverse opinion about the Bank and cause damage to the reliability, reputation and stability of the sector or the Bank or result in unfair competition. In any type of information sharing to be made about the Bank through the social media channels, it is forbidden to make any statement that could tarnish the reputation of the Bank. In the announcements, publications and advertisements for the promotion and marketing of the Bank's products and services as well as its financial structure, the Bank acts honestly, realistically and in compliance with the legal regulations and public morality and refrains from any action that may cause damage to the prestige of the financial markets.
- (7) Relationships with Vendors and Other Parties: The relationships with the vendors are established on a fair relationship model which does not violate the vendor rights. No relationship which could affect the execution and independence of the major activities is entered with the vendors and/or other parties. Information learned about the vendors and/or other parties are kept confidential in accordance with the

Code of Ethics and are not shared with anyone not legally authorized. In the relationships with the vendors, the employees are obliged to show behaviors that accurately represent the Bank at any platform and environment.

CHAPTER THREE

Feedback and Monitoring

ARTICLE 10 - Application principles for violation of the code of ethics

- (1) All employees and customers who have faced or believe there might be a violation of ethical principles can make a written application to the Banks Association of Turkey within one year from the date on which the violation has occurred in order for such violation to be investigated and evaluated.
- (2) During the application, all information and documents must be enclosed in a clear and understandable manner to the application. The filed applications shall be evaluated and controlled by the Banks Association of Turkey in terms of its nature, information and documentation.
- (3) If any non-compliance with the code of ethics is determined by the Board of Directors of the Banks Association of Turkey, those acting non-compliantly with the ethical principles shall be reported to the Banking Regulation and Supervision Agency and the provisions of the third paragraph of article 81 of the Banking Law No. 5411 shall be applied on them.

ARTICLE 11 - Monitoring compliance with the code of ethics

- (1) Compliance with the code of ethics shall be reviewed by the Internal Audit Department, Internal Control and Compliance Department and the General Manager. The status of compliance with the code of ethics shall be evaluated in the audits and controls being conducted.
- (2) If any violation of the ethical principles is identified as a result of the review conducted by the Internal Audit Department, an investigation shall be initiated about the concerned parties. Information obtained further to the investigation shall be shared with the competent authorities.
- (3) If, upon identification of such act, there is any situation which necessitates any penalty to be imposed, the issue shall be escalated to the Disciplinary Committee.

CHAPTER FOUR

Miscellaneous and Final Provisions

ARTICLE 12 - Enforcement

- (1) This Directive shall enter into force on the date of its approval by the Board of Directors of the Bank.

ARTICLE 13 - Execution

- (1) The provisions of this Directive shall be executed by the Board of Directors.