

# Netaş Code of Ethical Business Conduct

New ways of organising people and work within the corporation are giving each of us more decision-making responsibility. Given the complexity and constantly changing nature of our work and our world, no book of hard-and-fast rules -- however long and detailed -- could ever adequately cover all of the dilemmas people face. In this context, every Netaş employee is asked to take leadership in ethical decision making.

## Personal Values and Corporate Integrity

In most situations, our personal values and honesty will guide us to the right decision. But in our capacity as employees and representatives of Netaş, we must also always consider how our actions affect the integrity and credibility of the corporation as a whole. Our business ethics must reflect the standard of conduct outlined in this document -- a standard grounded in the corporation's values, and governing Netaş's relationships with all stakeholders.

Our decisions as to what is ethical business practice in a Netaş context must be guided by the *Core Values* that form the fundamental basis of our conduct as a business. From these statements stem a series of commitments that we as Netaş employees make to each other, to shareholders, customers, suppliers, and the communities in which we do business.

## A Shared Responsibility

The final core value emphasises our intention to fulfil our commitments - and to do so with integrity. Integrity means "honesty" and "wholeness" -- it means that all of the parts are aligned and work together. It means that each individual within the corporation is doing his or her best to live by the standard of business conduct outlined in this *Code*.

"Acting with integrity" also means that while we may not always be sure of every answer, we will not say one thing and then do another. We will not make promises that we have no intention of keeping or cannot be reasonably sure we will be able to keep. We will strive to the best of our ability to support all of the commitments that the corporation has made to conducting business in an honest and ethical manner.

## Putting the Values to Work: Ethical Commitments

The following pages take a more in-depth look at what it means to put these values to work in our business. The section entitled "Living the Commitments: Guidelines for Ethical Decision-making" outlines your role in enabling the corporation to meet its commitments to stakeholders and maintain its ethical standards. When individuals choose to disregard the *Code*, we all could suffer from damage to the corporate reputation and the ensuing loss of customers, community and employee goodwill, and profitability. Serious violations of the standards may result in dismissal. Actions that are against the law may be subject to criminal prosecution.

*You have a personal responsibility to make sure that all your words and actions live up to these statements.*

*You have a responsibility to ask questions when you have doubts about the ethical implications of any given situation or proposed course of action.*

*You have a responsibility to report any concerns about business practices within the corporation that may violate this Code of Business Conduct*

*This document provides rules of general nature. Detailed information is available in the relevant policies and procedures. You have a personal responsibility to strictly comply with the rules stipulated therein.*

## **Commitments to Netaş Stakeholders**

This section outlines some of the key commitments that Netaş makes to those with the most direct stake in the organisation: its employees, shareholders, customers and suppliers. It contains a lot of statements beginning with "Netaş commits..." or "the corporation will...." Remember that the ethical conduct of "the corporation" is really the collective conduct of its employees, officers, and members of its board of directors. Later on in the document ("Living the Commitments") you'll find more specific guidelines on your role in making these statements more than just words.

### **Employees**

Netaş values the contributions of all its employees and treats each individual with respect. This includes safeguarding the confidentiality of employee records; respecting employee privacy -- refraining from unnecessary intrusions; and supporting as far as possible employees' work-related aspirations. As a corporation, Netaş is committed to informing employees quickly and fully on issues affecting them, and listening to their ideas and concerns.

The corporation strives to provide work that is satisfying and a work environment that is safe and pleasant. The corporation provides employees with opportunities for continuing professional development.

In its hiring and employment practices, Netaş will be fair and equitable.

Netaş is committed to protecting and enhancing the health and safety of its employees.

### **Shareholders**

Profits are essential to the continued existence of the corporation and to the well-being of all who depend on it. The corporation seeks to provide value to shareholders, while maintaining financial prudence. Netaş believes that shareholder value is delivered through satisfied and loyal customers, and that customer satisfaction is directly dependent on satisfied and effective employees.

The corporation endeavours to act in what it perceives to be the shareholders' best interest, and informs them of major actions or decisions in a timely manner, in accordance with applicable laws.

### **Customers**

Customers deserve high-quality network solutions and services, including safe and environmentally responsible products. The business focus of all of the corporation's daily activities is to deliver market leadership through customer satisfaction, superior value, and product excellence. In order to maintain excellence through continuous improvement, the corporation invests substantial resources in research, design, and development of telecommunications products and services.

The corporation maintains high ethical standards in all of its customer relationships, and upholds the Core Value: "We fulfil our commitments and act with integrity."

### **Suppliers**

Netaş is fair in its choice of suppliers and honest in all business interactions with them. Purchasing decisions are made on the basis of such criteria as competitive price, quality, quantity, delivery, service, and reputation. The ethical and environmental standards and practices of suppliers also influence purchasing decisions. The objective is to procure those materials and services which will contribute most to the quality of products and the long-term benefit of the corporation.

Remember that the ethical conduct of "the corporation" is really the collective conduct of its employees, officers, and members of its board of directors.

## **Environmental and Social Responsibility in the Global Community**

Employees, shareholders, customers, and suppliers are not the only stakeholders in Netaş's activities. Corporations have social obligations that extend beyond the payment of taxes, employment of people, and provision of goods and services. A global corporation faces a special challenge: to uphold consistent corporate standards of ethical business conduct, while also respecting the culture and varying business customs of every community and country in which it operates.

### **Respect for National and Local Priorities**

Netaş takes into account the social aims and economic priorities of each country in which it does business. Wherever it operates, the corporation abides by all national and local laws.

### **Local Communities**

Netaş directly and through its employees contributes to the general well-being and improvement of the towns, cities, and regions where it has manufacturing plants, laboratories, offices, or other facilities. When feasible, it also provides financial support to worthwhile community programmes in such areas as social welfare, health, education, sports, arts and culture. It encourages employees to participate in similar community activities of their choice.

### **Protection and Enhancement of the Environment**

Netaş is committed to being a leader in protecting and enhancing the environment. Wherever Netaş does business, it takes the initiative to develop innovative solutions to environmental issues that may arise because of its products, operations, and business activities.

Netaş subscribes to the principle of product stewardship, and is working towards taking responsibility for the environmental impacts of products throughout their lifecycle -- from design to final disposal. Its Environmental Management System Standard sets minimum requirements for sound environmental management practices. Specific measurable goals have been established for the corporation world-wide.

Netaş is working with customers, suppliers, industry associations, educational institutions, public interest groups, and governments throughout the world to promote the development and dissemination of innovative solutions to industry-related environmental problems.

### **Competition**

Competition is the cornerstone of a vibrant economy. Netaş competes vigorously in an ethical and legitimate manner. It avoids all actions which are anti-competitive or otherwise contrary to laws that govern competitive practices in the marketplace.

Netaş and its employees refuse to associate with or participate in illegal practices such as price-fixing schemes, bid-rigging arrangements, resale price maintenance schemes, or exclusive dealings.

Netaş employees do not denigrate competitors and their products, but do, with care and prudence, make fair and factually-based comparisons on attributes such as price and performance. They do not improperly seek competitors' information.

### **Support to the International Scientific Community**

Where knowledge of product and manufacturing technology can be shared without harming Netaş's competitive position in the marketplace (nor contravening national restrictions on transfer of technology), Netaş will engage in technology co-operation projects with industry and industry associations around the world.

### **Accountability**

All business transactions must be accurately and completely accounted for and reported on the books and records of the corporation. All travel and expense claims submitted by Netaş employees must be justified and accurate.

Netaş strives to meet reasonable requests for information. The corporation voluntarily publishes reports on its environmental activities and performance, and shares information about its business ethics standards. It maintains close and honest relationships with the financial community and the media, regularly and willingly informing them about significant developments (subject to applicable laws regarding disclosure). It provides accurate and complete information in a format that is meaningful and easy to understand.

Some information, however, must remain confidential in order to protect the corporation's competitive position and to comply with applicable agreements and laws. Proprietary information such as trade secrets, product plans, financial information prior to public disclosure, our technology, and software code often falls in the category of company property that must be protected.

### **Human Rights**

Respect for people, privacy and security are at the heart of everything we do. In this context, it is among our primary values to create a sustainable business environment with a strong human focus and company ethical values in every business we do, in every area and region we are in.

As Netaş, we work with all our strength to ensure that the best employees in their fields participate in our company and to increase employee loyalty by creating a happy work environment where there is no discrimination for our employees. We express in the clearest way that we are against discrimination, unequal wage policies, child labor, precarious work, corruption and activities harmful to the environment, and we constantly control and report our work in the environment, health, safety, quality and social areas within the scope of audits.

# Living the Commitments: Guidelines for Ethical Decision Making

Netaş's ability to live up to its commitments and ethical standards is directly dependent on the day-to-day choices and actions of each employee, officer and member of the board of directors. This section outlines the standard of ethical practice expected from everyone who does business in the corporation's name.

## **Our Common Working Environment**

Each employee has responsibility for creating and sustaining a pleasant, secure, and productive working environment -- an environment in which all employees and contractors are treated fairly and with respect.

We must all strive to communicate our ideas and concerns in an honest and clear manner. We must make sure that our criticisms are both direct and constructive, and accept candid feedback from others in the same spirit. Developing our ability to resolve problems and work effectively as team members is an important and ongoing challenge.

Respect for the differences in backgrounds, experiences, perspectives, and talents that each individual employee brings to the team are a fundamental value. Netaş does not tolerate discrimination, harassment or demeaning behaviour against any individual or group. We recognise that there are differences among individuals and groups that go well beyond race and gender, and we are committed to the principle of inclusiveness in its broadest sense. We all must learn to understand individual differences, and see how together they contribute to the creation of more innovative ideas and of better solutions to problems. It is important that we make the effort to discover how our own skills and perspectives can support this process, and to recognise our personal areas for development.

Our responsibilities to other employees also include ensuring that we do our part in maintaining corporate environmental, health and safety standards in our own workplace. One important component of health and safety standards concerns illegal drugs. Any Netaş employee found using, selling, or in possession of illegal drugs on company property will be subject to immediate dismissal.

## **Relationships with Customers**

Our credibility with our customers depends on our ability to fulfil our commitments. Every time a Netaş employee commits to an unrealistic timetable, some hard-earned customer trust is lost. We must not make promises unless we are reasonably confident that we will be able to keep them. All sales and promotional efforts must be free from deliberate misrepresentation. If unforeseen circumstances do make it impossible to meet a commitment, we will let the customer know as soon as possible.

*Many Netaş employees deal primarily with "internal customers" -- that is, other Netaş employees, functions or units. These principles apply equally to these important customer relationships.*

Our commitment to fair competition and high ethical standards forbids us from such inappropriate practices as refusing to sell, service, or maintain equipment because the customer is also buying products from our competitors. This commitment also prevents us from offering

to customers any benefits or rewards that violate applicable laws or responsible and generally accepted business practices. In practical terms, this means that customer entertainment is limited to what is reasonable and necessary to facilitate business discussions. Any gifts made to customers must be modest promotional items.

Netaş employees must respect and protect any confidential or proprietary information shared with us by a customer. We should not hesitate to let our customers know, in a respectful way, that we expect them to protect our confidential and proprietary information as well.

### **Relationships with Suppliers**

Our commitment to dealing fairly and honestly with suppliers means that employees responsible for buying or leasing materials and services on behalf of the corporation must consciously and consistently guard their objectivity. In practice, this means that no employee will accept or solicit any benefit from a supplier or potential supplier that might compromise -- or even appear to compromise -- his or her objective assessment of the supplier's product and price.

Promotional items of modest value are acceptable, as is moderately scaled entertainment within the limits of responsible and generally accepted business practices.

No Netaş employee will require suppliers to give up trade with our competitors, nor require suppliers to buy our products in order to retain their supply agreement with us. To avoid even the appearance of putting pressure on suppliers, no Netaş employee will solicit or accept gifts of merchandise or services from suppliers for company events or charitable activities.

Netaş employees must respect and protect any confidential or proprietary information shared with us by a supplier. We also should not hesitate to let our suppliers know that we trust them to do likewise.

### **Gathering Competitive Information**

Netaş employees will not use improper means of gathering information about competitors.

Theft, illegal entry and electronic eavesdropping are obviously unacceptable means of searching for competitive intelligence. In addition, you must not misrepresent yourself or your situation in order to convince somebody to release information to you (by posing as a customer, for example), or commission a third party to do so. You must not offer a bribe or a gift in exchange for competitors' information, nor solicit confidential information from a competitor's ex-employee now working for Netaş. This is not a comprehensive list of unacceptable means -- contact the Legal department or the Human Resources function before reviewing or using any competitive information about which there may be even the slightest question.

### **Protecting Assets**

Collectively, we have a responsibility to protect the corporation's assets and ensure their efficient use. Theft, carelessness, and unnecessary waste have a direct impact on the corporation's profitability and, ultimately, on all of our jobs.

Supplies and equipment purchased by the corporation are intended to be used for Netaş business purposes only. Any other use -- for after-hours charitable work, for example -- must receive prior approval from your manager. Everyone involved in operating equipment bears a responsibility for understanding its proper use and maintaining it in good condition.

Information is a key corporate asset. Inadvertent release of business or technical information to third parties may help our competitors by providing them with the technical solution to an important problem, or by allowing them to avoid costly research and development activities. If competitors gain even a very general sense of what we intend to bring to market, it may give them a head start in countering whatever advantages we might have had with our customers. The receipt of sensitive business or technical information from competitors or other industry players also carries significant risks: our own internal development activities in the area may be foreclosed. Inappropriate handling of sensitive information or original ideas provided by third parties can lead to loss of trust and liability for damages.

Employees who have access to proprietary and confidential information -- which may range from engineering designs, to employee records, to data entrusted to us by a customer or competitor -- must take every precaution to keep it confidential. Be very cautious in discussing company business in public -- in restaurants, on aeroplanes, or on public pay phones. Use extra care in transmitting confidential materials via fax. And remember that our obligation to protect Netaş's proprietary and confidential information continues even after we leave the company.

Protection of company information also means reporting information completely and accurately - - be it environmental impact data, product test results, or sales projections. Trying to hide bad news through misleading figures undermines trust over the long term, and may in some cases be illegal.

The reputation of the corporation, its employees and its products is also an important asset that you have a responsibility to protect.

### **Using Copyrighted Materials**

Many materials used by Netaş employees in the course of their work are protected by copyright laws: computer software, books, audio and videotapes, trade journals and magazines are a few examples. Things like presentation slides, training materials, management models and problem-solving frameworks produced by outside consultants or organisations may also be copyrighted. Reproducing, distributing or altering copyrighted materials without the permission of the copyright owner or authorised agents is forbidden. Computer software licensed by Netaş must not be illegally copied for personal, company, or customer use.

### **Conflicts of Interest**

A "conflict of interest" occurs when our private interests interfere in any way -- or even appear to interfere -- with the interests of the corporation as a whole. A conflict of interest situation can arise when we take on outside work or make a financial investment that makes it difficult for us to perform our Netaş work objectively and effectively. Conflicts of interest also arise when we or members of our family receive personal, unearned benefits as a result of our position in the corporation.

### ***Outside Activities***

Netaş employees, officers, and members of the board of directors must not serve as directors or officers of any organisation which might supply goods or services to the corporation, buy goods or services from the corporation, or compete with the corporation, without prior approval of the appropriate corporate legal counsel. Neither is it permissible for them to work as employees of or consultants to any of these organisations. These are clear conflict of interest situations.

There are cases, however, where Netaş employees start their own outside businesses, or take on additional part-time work with organisations that are neither competitors, suppliers, nor customers. This in itself does not constitute a conflict of interest. It is the employee's responsibility to ensure that the second job does not conflict with the interests of Netaş. This means, for example, ensuring that the two activities are strictly separated:

That you do not do the other organisation's work on Netaş time.

That customers and colleagues from your outside activity do not contact you at Netaş.

That you do not use Netaş equipment and supplies, nor the time of any Netaş personnel, for your outside work.

That you do not promote products or services from your outside business to other Netaş employees during working hours.

That you do not attempt to sell products or services from your outside work back to Netaş.

In order to avoid any uncertainty, you must let your manager know and approve of the outside work prior to commencing it.

### ***Gifts and Entertainment***

The guidelines on "gifts and entertainment" apply to anything given as a result of a business relationship, for which the recipient does not pay fair market value. This includes such things as meals and beverages, travel and accommodation for business or vacation purposes, tickets to sporting or cultural events, discounts not available to the general public, cash, art objects, and any other merchandise or services. The guidelines apply at all times: they do not change during traditional gift-giving seasons, nor during the planning of a company event.

Business gifts and entertainment are courtesies designed to build understanding and goodwill among business partners. In some cultures they play an important rôle in business relationships. The problem arises when they begin to compromise -- or even appear to compromise -- our ability to make objective and fair business decisions. Offering or receiving any gift, gratuity, or entertainment that might be perceived to unfairly influence a business interaction involves you in a conflict of interest situation.

For this reason, Netaş employees must not accept gifts and gratuities from suppliers or potential suppliers, except for promotional items of limited value (such as inexpensive pens, mugs, and calendars that bear the company's name). The same standards apply to the corporation's dealings with its customers: Netaş does not offer gifts and gratuities to employees of customers or potential customers, except for modest items for promotional purposes. All such gifts must be properly reported on expense statements.

Business entertainment must also be moderately scaled and clearly intended to facilitate business goals. If, for example, tickets to a sporting or cultural event are offered, then the person offering

the tickets must plan to attend the event as well. As a general guideline, business entertainment in the form of meals and beverages is acceptable, as long as it is modest, infrequent, and as far as possible on a reciprocal basis.

As these guidelines cannot cover every eventuality, the onus is on individual employees to use good judgement. "Everyone else does it" is not sufficient justification. If you are having difficulty determining whether a specific gift or entertainment offer lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- Is it clearly related to the conduct of business?
- Is it moderate, reasonable, and in good taste?
- Would I feel comfortable owning up to the giving or receipt of this gift in front of other customers and suppliers? other employees? my manager? my family? the media?
- Do I feel any pressure to reciprocate or grant special favours as a result of this gift? (Or, conversely, am I trying to put pressure on someone else to reciprocate or grant favours?)
- Am I certain the gift does not violate any law or business regulation?

If you have any concerns or uncertainties, contact your manager or the Human Resources function.

There are some cases where refusal of an inappropriate gift would cause embarrassment and hurt to the person offering it. This is particularly true when you are a guest in another country, and the gift is something from that country offered as part of a public occasion. In these cases, the best practice is usually to accept the gift on behalf of the corporation, report it to your manager, and turn it over to the corporation.

In some circumstances, Netaş may offer a gift as part of a public occasion. Such gifts must be approved in advance, accurately and completely accounted for, and reported on the books and records of the corporation.

### ***Bribes and Kickbacks***

Under no circumstances is it acceptable to offer, give, solicit, or receive any form of bribe, kickback, or inducement. This principle applies to Netaş transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Under some statutes, these are criminal actions that can lead to prosecution.

In order to ensure that agents and representatives acting on Netaş's behalf are not themselves offering or receiving bribes or kickbacks, all such arrangements must be covered by written contracts and documented in accordance with legal and accounting requirements and ethical business practices. The compensation spelled out in the contracts must be clearly commensurate

with the activities undertaken. Remuneration above certain levels requires senior executive approval.

In some instances, small "facilitation payments" or tips are permissible if they are intended to secure a routine business service such as having a telephone installed or expediting a shipment through customs. These payments must be clearly and accurately reported as a business expense. You should be aware, however, that in some countries, such payments are illegal and must not be paid. If you have any doubts or questions, contact your manager, the Legal department, or the Human Resources function.

### ***Investment/Securities Trading***

Any direct or indirect investment in one of Netaş's competitors creates a potential conflict of interest. Netaş employees, officers, and members of the board of directors must not invest in or control an organisation that competes with any business or activity of the corporation, except in the case of publicly traded shares, when the investment does not exceed five percent of the issued shares. Also prohibited is investment in an organisation that is or may be a supplier of goods and/or services to the corporation, again with the exception for publicly traded shares, when the investment does not exceed five percent of the issued shares.

Netaş is a public company whose shares are listed and traded in the Istanbul Stock Exchange. The company is subject to the provisions of the Capital Markets Law and the regulations of the Capital Markets Board. Under these rules employees, officers, and members of the board of directors who have access to inside material information are prohibited from insider trading as described in the legislation

"Insider trading" means using confidential material information about Netaş, its customers or suppliers to achieve an unfair advantage in the buying or selling of shares or other securities. "Material information" is usually defined as "information which, if publicly disclosed, would reasonably be expected to influence the decision of a reasonable investor to buy, hold or dispose of securities of the corporation."

Insider trading is both unethical and illegal. It is also illegal to pass on undisclosed material information to anyone, other than in the necessary course of business. Employees who involve themselves in insider trading (either by personally engaging in trading or by disclosing confidential material information to others) are subject to immediate dismissal and prosecution.

### ***Family and Friends***

While conflict of interest guidelines are not intended to unduly interfere with an employee's family or personal life, there are situations where the actions of family members and close personal friends may constitute a conflict of interest for the employee. For example, any gifts or other benefits offered to family members by suppliers or potential suppliers are considered business gifts. If your spouse, relative, or close personal friend is an employee of or has a substantial interest in a business seeking to provide goods and services to Netaş, you must ensure that you do not attempt to use your position in Netaş to influence the bidding process or negotiation in any way. If you are directly involved in purchasing functions, you must declare this conflict of interest to your manager immediately.

If you have a relative or a friend who works for a competitor, you should make your manager aware of this situation and discuss the potential problems with him or her. If you need further advice, contact the Business Ethics function.