



KASTAMONU ETHICS

KASTAMONU ENTEGRE CODE OF ETHICS & BUSINESS CONDUCT





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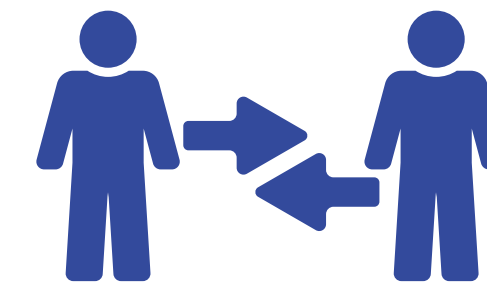


**CODE OF ETHICS &
BUSINESS CONDUCT**



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1 KASTAMONU ETHICS

The business code of ethics adopted by the employees and stakeholders of Kastamonu Entegre Ağaç Sanayi Tic. A.Ş. and its subsidiaries (hereinafter "Kastamonu") as their fundamental values establishes the behavior standards in our business relations. Everyone who is a part of Kastamonu must adopt these principles, and reflect them in their behaviors.

Code of Ethics and Business Conduct are addressed under the headings of our fundamental ethical values, management of conflicts of interest, our responsibilities, protection of trade secrets, and confidentiality. The management principles of the ethical system, ethics committees organization, and the resolution of non-conformities are addressed in the Governance and Implementation section.





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CODE OF ETHICS AND BUSINESS CONDUCT

A. OUR FUNDAMENTAL ETHICAL VALUES

Honesty and truthfulness are our fundamental values in all our business activities. Kastamonu employees and stakeholders act with integrity in all their dealings with each other.

Justice, looking after, and serving people's rights are among our most fundamental principles in our business activities.

Respect for people, society and traditions, and compliance with the laws of the countries where we operate are some of the most important elements of our business culture and management philosophy.

B. MANAGEMENT OF CONFLICTS OF INTEREST

Conflict of interest is any situation where a person or an organization has the potential to abuse its status to gain personal or organizational interest.

As long as we are a part of Kastamonu, we avoid situations, which may lead to or create the impression of conflict of interest in our business activities.

Potential conflict of interest situations, the actions to be taken in these situations, and the behaviors expected from our employees within the context of Kastamonu Code of Ethics are explained below.

i. Business Relations with Suppliers, Customers or Competitors

If there is a relationship as being spouses, relatives, or any other close relationship that might lead to a potential conflict of interest in our business dealings with

supplier, customer (dealer / distributor) or competitor of Kastamonu, we make necessary notifications and take precautions within the framework of transparency principle.

For instance, if an employee delegated with purchasing authority is to purchase something from a company where a family member works, he/she must notify this situation to his/her superior, and ensure that necessary measures are taken.

We take measures when a conflict of interest situation arises with a business partner, due to our position at Kastamonu. We consult our manager, the Human Resources Department or the Ethics Committee in cases where we hesitate.

ii. Spouse or kinship relationships among employees

We avoid establishing decision making mechanisms and reporting lines with a composition of close relationships, which might lead to conflict of interest.

Our employees must notify these situations to the upper management in the "Declaration of Compliance with Code of Ethics and Business Conduct" which is annually submitted.

Our employees cannot take part in possible recruitment procedures of the persons with whom they have a close relationship.

iii. Side Job

It is essential that Kastamonu employees shall not under whatever name work for an individual and/or



organization during or outside working hours for a fee or a similar benefit nor conduct activities directly or indirectly, that may require them to be classified as “merchant” or “tradesman”.

Kastamonu employees shall not work as board members or auditors for other companies unless they have the approval from Kastamonu Board of Directors. They shall not be engaged as employees by competitors and stakeholders of Kastamonu.

However, our employees can work as managers or educators at associations, foundations, professional or educational institutions that perform public service provided conflict of interest conditions are not created, and such activity is approved by the Human Resources Manager and General Manager.

The personnel who perform arbitration, conciliation, and expert witness duties assigned by judicial and administrative bodies are excluded from the above-mentioned restriction. We make maximum effort so that our personal investments and our activities within this framework do not prevent us from performing our existing duties fully and in a timely manner.

iv. Former Kastamonu Employees Doing Business with Kastamonu

Kastamonu employees may work with Kastamonu or its affiliated companies as sellers, contractors, consultants, commissioners, representatives, dealers, etc. (by establishing companies, through partnership or as managers or decision-makers) after they leave Kastamonu on condition that they meet certain conditions.

- The employee must not have disciplinary action record in the former company.
- In case there is a conflict of interest in terms of the business he/she wants to do with Kastamonu and the duties he/she performed in Kastamonu before, the approval of the Ethics Committee must be obtained. For example, if a Kastamonu employee who had worked at the raw material purchasing department before has become the representative of a raw material supplier company in the same area, his/her working with Kastamonu requires the approval of the Ethics Committee.

When conducting its evaluation, the Ethics committee assesses the previous profile of the employee, and the conflict of interest potential of the situation, and it may apply a freezing period of minimum 2 years following the date of the departure of the former employee.

v. Receiving and Giving Gifts

Kastamonu employees should not request any personal gifts, aids, entertainment, special discounts, commissions, etc. that might jeopardize the decisions they will make on behalf of Kastamonu, and the actions they will exhibit within the scope of commercial activities. They must not accept any kind of offers.

Gifts which clearly have symbolic value, which do not have any commercial payoff, and which are submitted to the Company (e.g. plaques, flowers, chocolate, etc.) may be received on behalf of the company by considering the local cultural values; however, these situations must be notified to the country Human Resources management,

or to Global Human Resources Directorate when necessary.

The participation of Kastamonu employees in activities related to their job sponsored or paid for by 3rd parties (e.g. entertainments, free trainings, seminars, accommodation, trips, dinners, etc.) is important in that they may lead to potential conflict of interest. Invitations to participate in free activities, conferences, promotional meetings, trainings organized by 3rd parties may be accepted only by obtaining the written approval of the country General Manager. For the country General Manager, written approval of the Kastamonu CEO should be granted. These principles apply to giving gifts as well.

vi. Political Activities

Kastamonu employees must take the following matters into consideration when they voluntarily perform political activities within the framework of their constitutional rights.

- In the political activities they participate, the employees must avoid situations which might lead to conflict of interest with their current duties and responsibilities. In this regard, the name, their title in and the resources of the company cannot be used in their personal political activities.
- Employees are not allowed to make political propaganda within working hours and work environments. Employees cannot be requested to become members of any political party, or working hours of other employees cannot be spared for these activities.



vii. Relations with the Media and Representing the Company

Company policies and procedures must be followed in relations with the media. Making a statement to a broadcasting organization on behalf of the company or about any issues concerning the company, giving an interview, participating in a seminar – conference etc. as a speaker are subject to the approval of the Kastamonu CEO.

We do not express our views but only the views of the company before the public or in situations where listeners believe we are talking on behalf of the company.

No remuneration shall be accepted for duties or activities performed at professional associations and similar NGOs where the presence is shown to represent Kastamonu companies.

viii. Use of Resources

When using resources on behalf of Kastamonu, the company interests must be taken into consideration. Company assets and employees must not be used for others and their interests.

Kastamonu employees shall use company resources responsibly and according to the principle of economy. The employees shall act within the framework determined by organizational procedures, and according to the duty of care and reasonableness expected from Kastamonu employees when using the resources assigned to them in relation to their work and position.

Kastamonu employees shall use time most efficiently and make maximum effort to conduct their private businesses in off-work hours. The managers shall not use their employees for carrying out their personal works.

Private visitors should not be accepted during working hours. If these visits are necessary, they must be conducted in a manner that will not obstruct the flow of work, and must be completed in a reasonable amount of time.

Technological Assets and Communication

We are responsible for protecting the technological assets, computer systems and applications we use at Kastamonu and all data stored in them against unauthorized access, damage, alteration and theft. To this end, we develop special security measures, and aim to adopt controls with the highest standards.

As Kastamonu employees, we are also responsible for using technology assets and data resources safely, ethically, legally and efficiently. This means that we shall not use our company’s technological assets or electronic systems (electronic devices such as smart phones and personal computers which are assigned for personal use and which can access the internet, user accounts, e-mail addresses and telephone numbers, etc.) to download or send unauthorized, political, inappropriate, racist, sexual or offensive contents.

ix. Misconduct

Kastamonu employees shall under no circumstances use their powers arising from their positions for their own

or their relatives’ interest. Employees shall not gain any personal interest from commercial transactions they are a part of on account of their duties. They shall not violate the laws, business ethics, company policies and procedures.

Accepting, giving or offering bribes and/or commissions directly or indirectly will not be tolerated under any circumstances.

It is not deemed appropriate for employees who are each other’s superiors and subordinates to borrow money from each other or from suppliers, competitors, or customers, since it means violation of the principle for avoiding conflict of interest.

C. OUR RESPONSIBILITIES

As Kastamonu companies, we act with responsibility in our business activities. In addition to our legal responsibilities, we act carefully to fulfill our below mentioned responsibilities to our business partners, competitors, employees, society and humanity.

i. Our Legal Responsibilities

We act according to national and international laws in all countries we operate, and provide accurate, complete and comprehensible information to regulatory bodies and organizations in a timely manner.

When performing our business activities, we stand equal to all public institutions and organizations, administrative bodies, NGOs and political parties



without expecting any advantage from them, and fulfill our obligations with a sense of responsibility.

In line with our legal obligations, we expect our employees and business partners

- To avoid all kinds of activities that could violate the laws, and put Kastamonu into difficult situations and tarnish its reputation, and
- o act according to the working conditions set forth in labor law and other regulations.

ii. Responsibilities to Our Business Partners

Customer satisfaction is our top priority. We offer our goods and services on time and as promised.

We make maximum effort to fulfill our responsibilities to our suppliers on time.

We approach our business partners with respect, fairness and courtesy. We are committed to protect the confidential information of our business partners.

iii. Our Competition Approach and Responsibilities to our Industry

We believe that fair and open competition is paramount for the success of our companies, the interest of our customers, and the development of the market where we operate. We act according to the fair competition rules, and other supporting laws and regulations in the geographies we operate.

We shall not directly or indirectly be a party to agreements or involve in an action with our competitors or other

persons and organizations which aim to prevent, distort or restrict competition or which may have such effect.

iv. Responsibilities to our Employees

We treat our employees with honesty and fairness, and we are committed to provide a non-discriminative, secure, healthy and fair work environment. We have our employees exercise their personal rights fully and on time. We make necessary efforts to ensure the professional and personal development of our employees.

• Fair and Secure Work Environment

We attach great importance to creating and maintaining a work environment in which the feeling of justice and security is shared by all our employees. We evaluate our employees and candidates according to the principles of equality and fairness. We take training, career, recruitment and promotion decisions within the framework of organizational policies and procedures, and by considering qualities such as the requirements of the work, the person's abilities, experience, attitude, work performance and potential.

We respect our employees' private lives and personal spaces. Any kind of discrimination based on language, racism, color, gender, political ideas, religion, denomination, age, disabilities, etc. among the employees, will not be tolerated. Each Kastamonu employee is responsible for protecting and reinforcing the working environment where respect prevails.

We aim to create a positive and coherent work environment that supports collaboration, and to allow

people with different religions, ideas and opinions to work in harmony.

• Harassment and mobbing

Any physical, sexual and/or emotional abuse of our employees or by our employees to our stakeholders with whom we have business relationship, at the workplace or anywhere they are present due to work will not be tolerated. We also do not tolerate aggressive behaviors that might violate people's right of privacy, and damage the integrity and health of their body and soul, and any kind of fight that includes verbal violence as well.

On the other hand, actions to be considered as mobbing, which is systematical and planned actions to make someone resign or decrease someone's work performance and alienate from work, will not be tolerated.

If a behavior;

- » Emerges at the workplace or another place where the employee is at due to work,
- » Is exhibited by one or more persons systematically and in a planned manner,
- » Openly aims to intimidate, pacify, suspend someone from work or damage one's professional status and social relations,
- » Emerges as an group of malicious, intentional, negative attitudes and behaviors,

it is considered as mobbing. Such behaviors violate both Code of Ethics and the laws and Kastamonu does not tolerate such behaviors in work environments.



- **Occupational Health and Safety**

Within the framework of our occupational health and safety policy, we introduce practices (appropriate working conditions, protective equipment, training, etc.) which are necessary for our employees' health and for providing a safe work environment.

In this scope, we expect all our employees to;

- » Know the Occupational Health and Safety policies and procedures in effect,
- » Adopt and apply health and safety solutions which are introduced to improve business life in accordance with Kastamonu's values and principles, international standards and the laws,
- » Be aware that they are personally responsible for safe behaviors when they are performing their activities,
- » Notify managers immediately when they become aware of any condition which poses a threat to human health and occupational safety
- » Participate in any Occupational Health and Safety training, which is mandatorily assigned to each of our employees regularly.

- v. **Responsibilities to Society and Humanity**

Protecting human rights, democracy and environment; maintaining social welfare and peace have great importance for Kastamonu. We consider taking part in social responsibility projects which aim to achieve these goals and which are in conformity with Kastamonu's values and principles as our social responsibility. Each

Kastamonu employee acts in the consciousness of being a good citizen in societal subjects.

We are sensitive to the values, traditions and culture of every country that we operate.

We comply with and act according to Turkish Labor Law and constitutions of International Labor Organization (ILO) to which Turkish Republic is a party regarding non-exploitation of child labor, and request that our suppliers and customers are in compliance in this legislative framework as well.

Within the framework of our environmental policy, we prefer environmentally friendly technologies in our investment decisions to prevent our activities from having adverse effects on the environment. We use our natural resources effectively and efficiently, and take top level measures against environmental risks at the source.

- vi. **Responsibilities on Behalf of Kastamonu Brand**

Our business partners rely on us because of our integrity and professional competency. It is our duty to maintain our reputation at the highest level.

We offer our products and services to our customers, in accordance with laws, company policies, international standards, our commitments and ethical principles, and make necessary sacrifices and efforts to fulfill our obligations.

Honesty, truthfulness and reliability are our fundamental principles and we aim to work with business partners and colleagues who adopt them.

- **Use of Social Media**

As Kastamonu employees, we act according to "Kastamonu Social Media Code of Conduct" when we access with our personal accounts on the social media platforms such as blogs, Twitter, Facebook, LinkedIn or Instagram. We avoid posting expressions in social media that may appear to represent Kastamonu.

- **Following Rules and Acting Responsibly**

Following rules and acting responsibly is a requirement of mutual respect and our values in Kastamonu. Code of Ethics and Business Conduct, other policies and procedures lay down rules, which lead us about how to act in our business activities and to perform our duties.

As Kastamonu employees, we are responsible for;

- » Performing our duties in a transparent, responsible and accountable manner,
- » Avoiding behaviors and actions which could damage the reputation of the company,
- » Avoiding directly or indirectly participating in illegal activities, and to immediately notify our superiors and Human Resources Managers when we become aware of such activities,
- » Learning our company policies and procedures, participating in trainings about them, and applying these procedures.



D. PROTECTION OF TRADE SECRETS AND CONFIDENTIALITY

i. Protection of Confidential Information and Responsibilities

Information is one of the most important assets to be used in achieving Kastamonu’s vision and making its success sustainable. In this regard, using Kastamonu’s information effectively, sharing it properly, and ensuring its confidentiality, completeness and accessibility in this process are the common responsibilities of all of our companies and employees. The scope of “Confidential Information” is defined as follows:

- Information which may be beneficial to our competitors, and which may damage Kastamonu or our business partners upon disclosure,
- Intellectual property rights and innovations belonging to Kastamonu, and applications and procedures developed by Kastamonu employees with Kastamonu’s resources within the framework of business contracts.
- Trade secrets among Kastamonu, its customers, business partners and service providers,
- Financial, commercial and operational data which have not been made public, personal information of the employees, prices, product designs, know-how, specifications, identities of potential and actual customers, information about suppliers,
- All access passwords of our employees, customers, business partners and service providers.

Our employees shall not use such confidential

information which is provided to them due to their positions or which they can access or learn at the workplace for personal benefit or providing advantage to third parties. The responsibilities of our employees regarding such information shall continue indefinitely after their recruitment is terminated.

ii. Protection of Personal Data

Protection of the personal data of our employees and stakeholders is our legal responsibility. Transfer, storage and destruction of personal data or violation of data security are regulated within the framework of company policies. Our employees must know and apply these policies. The responsibility of our employees regarding the protection of personal data shall continue indefinitely after they leave the company.





3.

GOVERNANCE AND IMPLEMENTATION

A. DUTIES AND RESPONSIBILITIES

i. Duties and Responsibilities of the Employees

- Complying with laws under any circumstances
- Reading and internalizing Code of Ethics and Business Conduct, acting according to these rules, consulting managers or Human Resources teams when in hesitation and asking for opinions and guidance,
- Reporting ethical violations you witness to <http://ethics.kastamonuentegre.com> in writing and supporting your report with information and evidence anonymously or by naming yourself.
- Cooperating with the Ethics committee if we are asked to provide information or support in ethical inspections and investigations, and keeping the information about the investigation a secret.
- To submit "Declaration of Compliance with Code of Ethics and Business Conduct" annually.

ii. Duties and Responsibilities of the Managers

- Establishing a work environment necessary for creating and sustaining a company culture, which supports Code of Ethics.
- Leading by example regarding the implementation of Code of Ethics, training and supporting employees about Code of Ethics, and applying treatments.
- Guiding employees about what to do when they are consulted with,
- Ensuring that the business processes and working environments under their supervision are structured to

minimize ethics related risks, and applying necessary approaches and methods to eliminate possible non-conformities.

B. ETHICS COMMITTEE ORGANIZATION AND RESOLUTION OF NON-CONFORMITIES

Non-conformities regarding Code of Ethics and Business Conduct are resolved by the Kastamonu Global Ethics Committee. Ethics Committee consists of permanent members and temporary members who are elected based on the country where the incompliance occurs, and on the function. Head of Audit acts as the secretary of the Ethics Committee (inviting the Ethics Committee to meeting, submitting an inspection report, writing down the decisions, etc.).

Ethics Committee convenes with the president and minimum 3 members. It takes its decisions via majority vote, and in case of a tie, another member is invited to join the Committee. The decisions of the Ethics Committee are promptly applied.

Global Ethics Committee may appoint sub-committees on country basis in order to resolve non-conformities with the Code of Ethics and Business Conduct. The details of applications are defined in internal regulations.

Kastamonu Global Ethics Committee

President	Kastamonu CEO
Permanent Member	Global Human Resources Director
Permanent Member	Legal Affairs Director
Temporary Member	General Manager of Relevant Subsidiary or Head of Relevant Function
Secretary	Audit Director



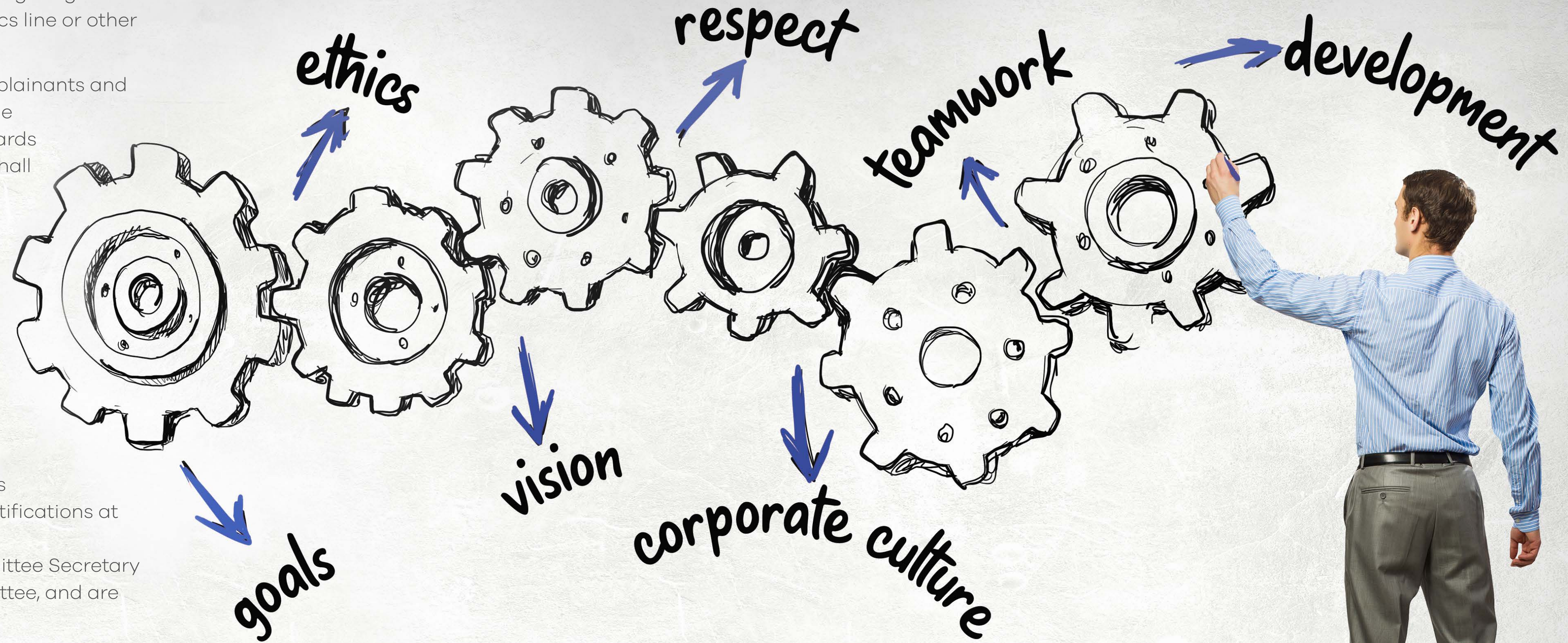
Ethics Committee may charge Audit Directorate or other departments with inspecting and investigating violation notifications reported through the ethics line or other channels.

Notifications and the identities of complainants and informers are kept confidential. Possible retaliatory attitudes and behaviors towards persons who report ethical violations shall not be tolerated. Inspections and investigations shall be carried out swiftly according to the rules of confidentiality.

Kastamonu Code of Ethics and Business Conduct are published with the approval of the Board of Directors and are revised once a year in line with needs, changing conditions and actual practices.

Kastamonu employees and all business partners can make ethical violation notifications at <http://ethics.kastamonuentegre.com>

Notifications are seen by Ethics Committee Secretary appointed by the Global Ethics Committee, and are submitted to the Ethics Committee.





KASTAMONU

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