

YAPI ve KREDİ BANKASI A.Ş.

Conflict of Interest Policy

Approved by: Board of Directors

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Recommended by: Compliance, Internal Control and Risk Management

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1. INTRODUCTION

1.1. Purpose and Scope

1.1.1. Purpose and Summary of Content

Purpose of this Conflict of Interest Policy (the Policy) is to define the principles and rules which shall help the employees to detect and manage possible conflicts of interest and on the other hand, to provide general information regarding the measures taken for the purpose of identifying, managing and recording the conflicts of interest regarding following issues in particular, at Yapı ve Kredi Bankası A.Ş. (the "Bank") and its subsidiaries (shall be hereinafter referred to as "Yapı Kredi"):

- Conflicts arising from personal interests of an employee;
- Conflicts relating to investment services and activities;
- Conflicts relating to banking services and activities;
- Organisational and corporate conflicts.

Yapı Kredi, while providing a wide range of products and services to its clients, observes the interests of its clients and the integrity of the market and acts fairly and honestly. In line with this target, in its relating with the clients, it endeavours to avoid potential conflicts of interest that may occur between the Bank, its partners, employees, managers and the persons who have direct or indirect relations with them, and its clients or between a client and another client, and takes necessary measures in this regard.

This Policy provides for definition of the guiding and control functions regarding the Bank, its affiliated companies and subsidiaries and at the same time, it is part of the "General Rules" within the scope of Koç Finansal Hizmetler A.Ş. (KFS).

This Policy shall not constitute a part of the agreements made by and between Yapı Kredi and its existing or potential clients and may not be construed as granting any contractual right to those persons. This Policy does not intend to create any non-existent contractual right for, or impose any obligation, on third persons.

Conflict of interest refers to all kinds of monetary or non-monetary interests which affect or may affect the employees to perform their duties impartially and any interest held by a person in relation thereto.

This Policy defines the practices and procedures which shall assist the employees for detecting and managing conflicts of interest and additionally, provides general information regarding the measures taken for detecting, managing and recording the conflicts of interest.

Failure to manage conflicts of interest may give rise to a negative image before the public and may harm reputation of Yapı Kredi. However, it may result in regulatory measures and sanctions to be applied by public institutions or regulatory authorities.

Together with this Policy; legal regulations relating to the subject matter hereof, labour contracts, Yapı Kredi Ethical Rules and Working Principles and other regulations, policies, circular letters, directives and arrangements issued by Yapı Kredi, shall be guiding in case of any conflict of interest.

1.1.2 Scope

This Policy shall be applicable to all employees and managers of KFS, Yapı ve Kredi Bankası A.Ş. and the Bank's affiliated companies and subsidiaries. Furthermore, it covers all services provided by the Bank's affiliated companies and subsidiaries, to the extent it is not contrary to the regulations which they are obliged to comply with.

This Policy is prepared in compliance with the legal requirements and regulations applicable generally for all activities of Yapı Kredi.

The Bank shall also ensure that its subsidiaries, management of which is controlled by the Bank, and all its branches shall conduct their practices in this context, in consistent with this Policy.

1.1.3. Legal Framework

The Policy is prepared in consistent with the Laws and sub-regulations specified below.

- Banking Law no.5411;
- Capital Markets Law no.6362;
- Communiqué no.III-37.1 on Investment Services and Activities and Ancillary Services;
- Communiqué no.III-39-1 on Principles Regarding Establishment and Activities of Investment Firms;
- Communiqué no.VI-104.1 on Market Abuse Acts;
- Communiqué no.III-55.1 on Principles Regarding Portfolio Management Companies and Activities of Those Companies;
- Communiqué no.III-56.1 on Principles Regarding Portfolio Custodian Services and Institutions That Shall Provide These Services

2. PRINCIPLES AND RULES

“Conflict of Interest” occurs in cases where the personal interests of an employee and an interest which Yapı Kredi is party to, affect/hinder each other or, including but not limited to those specified above, in cases where the interests between the parties affect or hinder each other.

Although it is possible that conflict of interest may occur without existence on unethical or improper behaviours; and improper acts abusing the Bank’s trust, may also imply conflict of interest.

Within the scope of the Policy, following cases of conflict of interest (provided that they are not limited to the samples) are explained:

- **Conflicts relating to investment services and activities;** Conflicts of interest between the Bank or the affiliates and subsidiaries of the Bank relating to offering investment services and activities, and the customers of all of them; may occur while offering the services of intermediation (intermediation for transmission of orders, intermediation for trading and portfolio intermediation), safekeeping, portfolio management, investment consulting, public offering of capital market instruments and other capital markets activities. Cases where the Bank, while providing financing for a company/institution, is at the same time provides intermediation services for the sale of capital markets products issued by that company; may be shown as sample.
Commercial conflicts of interest are the cases where the interests of two clients or the interests of a client and an interest of Yapı Kredi conflict with each other and may cause violation of a regulation or may risk reputation of Yapı Kredi or may cause breach of the agreements signed by Yapı Kredi.
- **Conflicts arising from the interests of the employees obtained from sources out of the work place;** may occur in case, for example, an employee has a significant interest from a supplier of the Bank and at the same time, have a say in decisions of the group relating to procurement.
- **Conflicts arising from banking activities and services;** may occur i) in case banking service and activities are provided for related persons or ii) in relation to holding share in non-financial companies or in indirect capital investments.
- **Organisational and corporate conflicts;** may occur when the same person is appointed to more than one duties or in case of organisational changes.

Purpose of the Bank and the Bank’s affiliated companies and subsidiaries is to treat honestly and equally, when providing recommendations to their customers and when acting on behalf of them. Especially the employees, when providing services or recommendations to the clients other than their standard commercial relations with the clients, should be aware that they may personally or Yapı Kredi may have significant interests which may affect them and should act in favour of the clients’ interests ignoring those interests

If it is understood that it is not possible to manage a conflict of interest within the scope of this Policy, then it should be waived to participate in related transaction and conflict of interest should be avoided accordingly.

Following steps shall be followed by the Bank and the Bank's affiliates and subsidiaries, in order to detect and manage conflicts of interest in various types:

- Detecting the incidents which may give rise conflict of interest due to their structures in relation to itself, its employees, clients and the incident and which may be attributed to Yapı Kredi;
- Detecting possible conflicts of interest;
- Determining the corporate measures and acts intended to mitigate/avoid related conflicts of interest (such as disclosure and/or intervention);
- Recording the conflicts;
- Controls.

2.1. Managing Conflicts of Interest

Related units of Yapı Kredi shall determine the types of conflicts relating to the activities of the company and minimum corporate measures that may be applied by it to prevent those conflicts. Information shall be obtained regarding the incidents that happen, from the person who is responsible for that incident (persons who are or may be party to that incident) and from the persons related with that incident, if any, and when required, information shall also be obtained from other group companies regarding the incidents that happen.

Types of corporate measures to be taken by the Bank, the Bank's affiliates and subsidiaries in order to minimise the risk of any damage to be caused to the relations with the clients, and the principles to evaluate whether determined measures are sufficient or not; shall be laid down. In case a conflict is detected, minimum corporate measures that are available, shall be implemented.

Corporate that may be effective in minimising conflicts of interest, are as follows:

- Measures based on corporate structure;
- Measures based on related laws and regulations.

Considering appropriate measures, issues that may be subject to a conflict should be evaluated expediently and deficiencies, if any, should be remedied.

Compliance, Internal Control and Risk Management shall be responsible to follow whether the measures are taken on time and on the other hand, whether those measures are efficient or not, by using especially the second level controls, on the basis of related measures.

2.2. Announcement (Disclosure) of Conflicts of Interest

According to related laws and sub-regulations and within the framework of the decisions taken; it may be considered to make disclosure to the parties. Conflicts of interest required to be disclosed to the parties according to related laws and how such disclosures shall be made conveniently; should be determined.

In case the corporate measures are insufficient to prevent conflicts of interest, an explanation should be made to related clients regarding the events and situations that give rise to conflict of interest. Most convenient disclosure may vary depending on the specific incident and conditions, for example the structure of conflict of interest and the knowledge and experience level of related parties and the type of executed transaction. Such information to be provided, should be shared in a manner enabling the client to take a decision consciously and to avoid any loss of right, within a reasonable period, in a satisfactory content in relation to the services subject to conflict of interest.

Disclosure of a conflict of interest to a client, shall not remove obligation of Yapı Kredi to take corporate measures and to ensure compliance with those measures.

2.3. Principles Regarding the Action Process

In cases where corporate measures are not sufficient to prevent losses to be incurred by the clients or to better protect them, the Compliance, Internal Control and Risk Management should prepare an action process for the conflicts, taking into consideration the indicators set forth in this Policy. Following points should be taken into account during that process:

- Presenting reports to related committees;
- Determining the types of conflicts that require administrative decision;

- Preparing the processes in relation to management of conflict of interest.

2.4. Types of Corporate Measures

- **Information Barriers (Chinese Wall):** Information barriers (“Chinese Wall”) provide assistance for preventing and monitoring dissemination of confidential and internal information and on the other hand, help to manage realised or possible conflicts of interest. With regards to this issue, actions shall be taken in consistent with Yapı Kredi’s policies relating to internal information.
- **Different Legal Entities:** The Bank’ strategic decision regarding specialisation in its different subsidiaries shall provide segregation of the activities relating to development and distribution of products and services offered to the clients (in Product Groups and Business Lines), with regards to information, accounting and hierarchical aspects of such activities, and this shall mitigate the effect of conflicts.
- **Different Department:** Strategic decision of the Bank and the Bank’s affiliates and subsidiaries regarding specialisation in their different departments shall provide segregation of the activities relating to development and distribution of products and services offered to the clients (in Product Groups and Business Lines), with regards to information, accounting and hierarchical aspects of such activities, and this shall mitigate the effect of conflicts.
- **Policies and Procedures Relating to Transmission and Execution of Orders:** Relating to receiving, executing and transmitting the orders in relation to capital markets instruments, the Bank should determine and publish the operating rules relating to execution of client orders in order to ensure best possible result for the client, taking into account also the price, costs, speed, possibility, scale, nature or any other factor with regards to related factor.
- **Hierarchical Independence:** When activities are carried out giving rise to various incidents, relating to each incident which may potentially give rise to conflict, separate organisation structures should be established and it should be ensured that the employees responsible for those structures, are equal hierarchically. For each structure, power to decide independently or within the scope of certain parameters (including related power of attorneys), roles within the scope of the structure holding those powers, type of activity, management methods and behaviours adopted to conduct the works within the scope of the structure; should be set out.
- **Remuneration Policy:** The Bank has a Remuneration Policy which is approved by the Board of Directors. Principles with regards to remuneration of the persons holding the roles and responsibilities defined in the Laws, which the Bank is subject to; are laid down by the Remuneration Policy.
- **Policies and Processes Relating to Preparation and Publication of Research Reports:** Possibilities relating to conflict of interest when conducting investment research activities and offering financial analysis services; should be minimised and the procedures thereof should be announced to the employees. Said process, procedure and/or policies, should contain following minimum elements:
 - Independence of the persons who prepare or distribute the research,
 - Research preparation rules for analysts (For example; restrictions regarding personal transactions or job)
 - Procedures to be applied regarding relations between analysts and clients;
 - Information barriers;
 - Participation and role of the compliance function;
 - Transparency relating to conflict of interest (corporate implementation procedures regarding disclosure of financial interests of analysts and conflicts of interest of Yapı Kredi and mitigation thereof).
- **Product Approval Process:** Each product developed and distributed should be subject to a certain product approval process, in which related committees are involved.
- **Related Party Process:** To identify the person involved in conflict of interest (related parties, related person or authorised representatives of Yapı Kredi), to manage, classify the transactions to be concluded with them and to provide information to Yapı Kredi legal entities and authorities; rules and processes should be determined, prepared and implemented.

- **Preventing Hierarchical Effect:** Employees holding senior positions at Yapı Kredi should not influence the behaviours of the employees who take role in execution of a transaction, who are out of the structures under their control hierarchically.
- **Other Measures:** In case it is determined that the measures set forth in the Conflict of Interest Policy are not sufficient for managing a conflict of interest between a client or a client group and the investment firm and/or the measures are not implemented; Compliance, Internal Control and Risk Management may demand implementation of additional measures on the basis of investment firm or generally.

2.5. Recording the Conflicts

All conflict of interest possibilities declared to the Compliance, Internal Control and Risk Management, and the consequences thereof, shall be recorded, with the details of date and opinions regarding whether a conflict occurred or not, measures taken and their results. All recorded data shall be reported by the Compliance, Internal Control and Risk Management, to the designated Corporate Management and Audit Committee, at least once a year.

In order to evaluate potential conflicts, to present proposals for solution and to follow and record them; it is essential that the units of Yapı Kredi should declare possible conflicts to the Compliance and Internal Control teams definitely and on time.

2.6. Controls

Persons responsible for (parties to) an incident and the staff performing vital functions with regards to that incident, shall be obliged to conduct first level controls and upon determination of any possible conflict, to declare the points detected by them, to the Compliance, Internal Control and Risk Management, immediately, completely and correctly.

3. RESPONSIBILITIES

Duties and responsibilities of the Bank are managed by the Compliance, Internal Control and Risk Management.

3.1. Duties and Responsibilities of the Bank

- Taking into consideration the changes in the fields of activities of the Bank and its Subsidiaries, organisational changes in the Group and the changes in related laws and regulations; to make updates according to the data received from the units and subsidiaries;
- To define and implement the management model, within the scope of the situations that may cause to conflict of interest; to declare the changes in the fields of business, corporate structure or local laws/regulations;
- To define, detect, evaluate, record, manage, monitor and disclose the conflict of interest situations;
- To make unbinding proposals relating to the handling process of conflicts between the Affiliates and Subsidiaries;
- To prevent the situations that shall give rise to conflict of interest and to take necessary measures in this regard;
- To work in collaboration with related Managements to determine the actions intended to mitigate conflict of interest;
- To issue directives relating to implementation, when required.

3.2. Responsibilities of the Affiliates and Subsidiaries

- To follow the policies and implementation directives issued by the Bank and to implement them when required;
- To follow the changes in corporate structure or in the laws and regulations which they are subject to, relating to their fields of activities and to identify the types of conflicts and corporate measures relating to their corporate activities;

- To revise the types of conflicts periodically and the corporate measures and to assess their efficiency;
- To give information to the Bank in demanded matters.

4. TYPES OF CONFLICTS AND SPECIAL PROVISIONS

4.1 Conflicts of Interest Arising from Capital Markets Activities

4.1.1 Special Provisions Regarding Management of Conflicts of Interest Arising From Investment Services and Activities

In order to detect possible situations that may be contrary to the interest of client in providing the investment services and activities and ancillary services by them; the Bank or the Bank's Subsidiaries, their partners, employees, managers and persons who are related with them directly or indirectly, should pay attention following points which may cause conflict of interest.

Assessments regarding conflicts shall be based on the investment services and activities set forth in the Capital Markets Law (CML) and its sub-regulations. Following situations shall be considered as the minimum criteria:

- **Making Financial Undertakings:** Giving undertakings to the clients that they shall have financial gains or shall avoid financial loss;
- **Providing Unilateral Interest:** Although the client has no interest, conducting activities to gain interest from the services and activities offered to the client;
- **Providing Unfair Interest in favour of One Side Between the Client and Client Groups:** Gaining interest as a result of preferring one client or client group, against another client or client group;
- **Gaining Interest from Third Persons:** Providing financial gain other than standard fee and commission, from a person other than the client, due to the services and activities offered to the client.

4.1.2 Confidential Information, Internal Information and Information Barriers

Employees should conduct maximum care to ensure confidentiality of the information, when using confidential information and internal information due to their jobs. Said information:

- shall be used only for the purpose or transaction, for which access is allowed to have access to that information initially;
- shall be shared only with the persons who need to know them to perform the duties assigned to them (need-to-know principle);
- shall be disclosed in compliance with confidentiality agreements.

When disclosing said information, the receiving party should be informed explicitly regarding the nature of the information.

Furthermore, a person who knows internal information, may not use or may not disclose such information to third persons, in any case, when conducting negotiations or providing recommendations in relating to trading of capital markets instruments for the purpose of providing personal interest.

Information barriers ("Chinese Wall") assist in preventing and monitoring dissemination of confidential and internal information and on the other hand, help to manage realised or possible conflicts of interest.

4.1.3 Templates of Conflicts of Interest That May Occur When Offering Capital Markets Activities

Titles which may be the samples for possible conflicts of interest that may occur when investment services and activities and ancillary services are offered by Yapı Kredi; are specified below;

The Bank and/or the Bank's Subsidiaries;

- may conduct trading transactions on account of themselves and/or on account of the clients, in the markets and products in which other clients make transactions, and/or may operate as market maker.

- may recommend or sell the capital markets instruments issued by them or by the institutions which they are related with, to their clients.
- may provide intermediation services for trading of participation shares of the investment funds established and/or managed by the institutions, with which it has relations within the scope of intermediation activities.
- may recommend to its certain investment funds, established and/or managed by the institutions with which it has relations within the scope of offering general investment advice, and which are traded on the Electronic Fund Distribution Platform of Turkey (TEFAS).
- within the scope of intermediation activities, it may gain commission income from the actors at the market other than the client, within the framework of the market rules according to which it sends client orders.
- may provide intermediation services for trading of capital markets instruments issued by a related party.
- when providing investment consulting and portfolio management services, may give recommendations relating to the capital markets instruments, issued by the Bank and/or its subsidiaries or for the issue of which they provide intermediation, and may include them in the funds and portfolios managed by it.

Furthermore, the Bank;

- may prefer to transmit the client orders relating to stocks and derivative instruments based on stocks, to related markets, through investments firms, of which it is the controlling shareholder.
- may prefer to provide the custodian services to be offered for capital market instruments, for the custody of which it is not authorised, from the institutions with which it has relations.
- may provide credit to a company, shares of which are acquired by the Bank or the Bank's Subsidiaries.
- may work with an external auditor subject to conflict of interest due to the consulting services provided to it by such external auditor.

In Capital Market transactions, Yapı Kredi or its related affiliate may not provide its clients, services for which they are not authorised. When providing intermediation for transmission of orders, intermediation for trading transactions, portfolio intermediation and custodian services to the clients of Yapı Kredi within the scope of the permission and authorisation certificates taken from the CMB (Capital Markets Board), it is essential that, at each unit relating to capital markets activities, managers and personnel who fulfil minimum experience, education, license requirements and who hold required qualifications, should be employed. And in services provided relating to matters for which authorisation is obtained; incorrect and misleading information may not be given to the clients. No undertaking may be given indicating that certain yield and income shall be provided relating to a service provided to the client by the staff.

Yapı Kredi targets to act fairly and equally, when conducting transactions on behalf of its clients and providing recommendations to them. Especially in standard commercial relations with clients, in case of situations or recommendations that may affect client relations, it should act in compliance with the points specified within the scope of this policy.

Within the scope of the custodian services, security of the information obtained relating to the clients, shall be ensured against other service units and by the existing policies and circular letters, it is targeted to avoid possible conflicts of interest that may occur as a result of sharing the information relating to clients, with parties out of the institution or between different units within the institution.

Furthermore, in case the Bank provides fund services and portfolio safekeeping services at the same time to collective investment institutions, portfolio safekeeping services and the portfolio evaluation, operation and accounting services to be provided to collective investment institutions, should be segregated from each other functionally and hierarchically.

4.1.4 Corporate Finance

Services that may be offered to the clients within the scope of corporate finance services, are specified below:

- Providing consulting services to companies regarding matters such as restructuring, merger and acquisition, share sale and purchase, etc.,
- Providing consulting services relating to sector and market information,

- Providing structured finance and financial planning services,
- Providing consulting services relating to equity capital/debt swap transactions.

Samples of the potential conflicts of interest that may be encountered when providing said services, are specified below; however, shall not be limited to these samples.

- Application made by different clients for consulting or project finance services regarding the same company,
- Overlapping services demanded by different clients; for example, recommending a company looking for a shareholder, to a company demanding sector and market information

Examination demand regarding conflict of interest should be made before a presentation, which impose an obligation on the Bank, is made or such an authorisation letter is signed.

4.2. Conflicts Arising from Personal Interests of Employees

Yapı Kredi does not restrain its employees to conduct activities out of the institution, which shall not impede them to fulfil their responsibilities within the institution, which shall not restrict them to act in accordance with the interests of the institution and which shall be carried out in conditions consistent with its Ethical Rules and Working Principles.

However, our employees who participate in such type of activities, should avoid any possible or actual conflict of interest situations between the interests of the institution and their personal interests.

Each employee of our institution, within the scope of the work under his/her responsibility;

- should abstain from causing any conflict of interest in favour of him/herself or his/her relatives or any situations that may give rise to such an image; should not be involved in the decision-making process regarding the matters concerning the interests of him/herself, his/her relatives or 3rd persons at which he/she may have any interest. For example; he/she should not provide any financial product or leasing service to a 3rd party company, at which he/she has personal interests; should not give any guarantee and undertaking to such 3rd party company or person.
- should not be involved in purchasing processes, which are related to a party at which he/she has personal interests and which also include procurement, budget and ordering processes.
- should not establish any financial relation with the clients and suppliers; should not provide any personal interest by using business relations.
- should not allow gifts/accommodation or interest proposals which may affect his/her decisions and will or which may give rise to conflict of interest.
- should use the assets and resources of Yapı Kredi, in an efficient manner, only for the interest and benefit of Yapı Kredi, should not use resources of Yapı Kredi directly or indirectly for any personal interest and/or political activity.
- should abstain from conflicts of interest that may provide unfair advantage in favour of him/herself, his/her relatives or 3rd persons, by benefiting from title and powers.
- should give information to the manager to whom he/she reports in case the employee and the client, supplier and/or the persons at a position holding first degree power to decide relating to the same issue at a company having business relation with Yapı Kredi, are first degree relatives or upon becoming aware of the fact that his/her relatives hold any stake or material interest at another company that has business relations with Yapı Kredi.
- should use his/her time and effort for the institution, should not assume any other responsibility that may give rise to conflict of interest and should not work at any other real person or legal entity out of the institution.
- in his/her relations with public authorities and institutions, should act in compliance with the principles of honesty and transparency, should keep at arm's length and impartial relation.
- should protect secrets of the institution and the clients, should not disclose, out of the institution, the confidential/critical information relating to the institution and the clients, that provides competitive advantage.

- should not use the information that comes to his/her knowledge due to his/her job, in a manner providing unfair advantage in favour of him/herself, his/her relatives or 3rd persons and should not make attempts that shall cause the institution or the clients to suffer losses.
- in trading the securities of Yapı Kredi and other institutions, should act in compliance with related laws and regulations and the regulations of public authorities.
- in the personal investments to be made, should conduct due care and diligence not to be involved in a conflict of interest with Yapı Kredi.
- should exercise the power to conduct, carry out and/pr approve any kinds of transactions by using the banking systems, on the accounts or cards, which may belong to, or signatory powers regarding which may be held by, him/herself and his/her family members, persons who may have interests.

4.2.1. Business Relations Established with the Group by our Employees who Leave Their Job

Business relations to be established with the Bank, its affiliates and subsidiaries, by our employees after they leave their job, by incorporating their own company or by becoming a shareholder of another company, as a seller, contractor, consultant, broker, representative, agent or in similar forms; is a very important issue which may give rise to negative perceptions and which is required to be take into consideration separately.

Before and after such a process, actions should be taken within the framework of the interests of Yapı Kredi, moral and ethical rules should be complied with, conflicts of interest should not be allowed before and after the process.

For a supplier in such position, contact should be established with an institution with which the supplier had business relations previously and a report should be prepared indicating that there is no inconvenient situation.

If there is any inconvenience, business relation should not be established with related person or related company.

Such commercial relations are approved by The General Manager. The General Manager may delegate this authority to The Assistant General Manager.

4.2.2. Activities of Employees out of the Institution

Employees of Yapı Kredi may not conduct, directly or indirectly, activities that requires to consider them a merchant or artisan (to consider them a "commercial enterprise" or "artisan enterprise"), may not be shareholder in or partner to such enterprises. They may not become member of board of directors or auditor in companies out of subsidiaries of Koç Finansal Hizmetler A.Ş. (KFS), may not work at any business that belongs to real persons and legal entities against fee or without receiving any fee, without obtaining prior written consent.

In case our employees receive any invitation to attend organisations out of the company, as a speaker or trainer, against any fee or with of taking any fee, based on their experiences they obtained during their business life; they should apply to the "Ethics" communication channels for evaluation of such invitation.

Assuming any duty out of the institution may be possible by approval of, respectively, related Assistant General Manager, Human Resources Organization and Internal Services Management, Compliance, Internal Control and Risk Management and the General Manager. Said approval process shall be followed by the Ethics Unit.

In case our employees receive any attendance fee, fee, etc. due to the duties assumed by them at affiliated companies, subsidiaries and/or other institutions with a separate legal entity, in order to represent Yapı Kredi; the Compliance, Internal Control and Risk Management and the Human Resources Organization and Internal Services Management should be informed and actions shall be taken according to the decisions to be taken.

Any duty to be assumed by our employees at professional Non-Governmental Organisations (NGO) other than the Non-Governmental Organisations to which KFS companies are affiliated, due to requirements and according to their demands; shall be evaluated by their Departments and by the Compliance, Internal Control and Risk Management.

4.3. Conflicts Arising from Banking Activities and Services

It is the protection of the direct and indirect stakeholders of the Bank and the parties related with them, against the risk of compromising on objectivity and impartiality in their credit decisions and other banking transactions, in transactions with related persons and related parties.

It is minimisation of the risk in capital investments in financial and non-financial companies.

Especially the potential conflicts of interest arising from following reasons, should be detected and managed:

- Conflicts of interest relating to purchase and sale of shares in sectors out of finance and in indirect capital investments,
- Conflicts of interest relating to definition of the ruled regarding management of the obligations of related parties, authorised personnel.

4.4. Corporate Conflicts

4.4.1. Appointment of the Same Person to More Than One Managerial Positions

It is the case where an employee assumes more than one duty (such as administrative, managerial or control duties) at a Group Company or assumes duties at different departments and business units of the same Group Company.

Following situations may give rise to a conflict of interest:

- If an employee is manager at two Group Companies and there are business relations between such two companies;
- If an employee is appointed to the same position at more than one Group Companies;
- If an employee is working at another Group Company and coordinates the Group Company at which he/she works due to his/her position at the other company, if he/she is authorised to declare nonbinding opinion regarding a proposal presented by him/her, if he/she is at a position being authorised to take decisions affecting both the Group Company where he/she works at or other group companies such as the budget targets, restrictions or losses;
- If, when working at a unit involved in a conflict of interest relating to business activities, he/she is appointed to resolve that conflict.

By adopting following measures, it is possible to determine specific corporate measures which shall provide mitigation and management of those potential conflicts:

- For example; determining specific targets in a manner deterring any acts conducted partially and determining a duty among the duties of related employees, as the "main duty".
- Preventing persons to umpire or to give important decisions regarding matters that shall affect them in relation to budget, purpose and payments,
- Taking important decisions in the absence of persons, interests of who are likely to be affected.

While an evaluation is made by the Compliance, Internal Control and Risk Management; taking into account the requirement that the organisation and control units should be kept separately, the possibility of mitigating/minimising the conflicts and consistency of the responsibilities assigned; it should be ensured that the compliance risks are regarded sufficiently.

4.4.2. Conflicts Arising from Organisational Changes

Human Resources Organization and Internal Services Management shall send a preliminary evaluation to the Compliance, Internal Control and Risk Management, for evaluation of possible conflicts of interest that may arise from corporate changes such as formation of new structures.

5. NOTIFICATION AND RESULTS OF CONFLICT OF INTEREST VIOLATIONS

To maintain prestige of our institution, declaring any situation relating to conflict of interest violation, shall be the individual responsibility of all our employees.

In case a conflict of interest is detected or occurs, failure to report the situations contrary to the conflict of interest or ignorance thereof, shall also be considered within the scope of violation of the conflict of interest rules.

When our employees face a situation which may be a conflict of interest, while performing their job, or in cases where they are not sure about how they can manage such a situation or in cases contrary to the legal requirements and regulations in effect; they should contact the manager to whom they report or the Compliance, Internal Control and Risk Management.

Upon any breach of this policy, depending on the nature of incident, it may be considered to impose certain penalties and disciplinary penalties, including termination of the labour contract as well.