

Code of Ethics

Vestel Electronics Inc Code of Ethics

Vestel conducts its activities within the framework of a code of ethics that has been prepared by the Board of Directors and submitted to the general assembly of shareholders. This code of ethics is also published on the corporate website.

The Vestel code of ethics is a set of essential rules that have been formulated to govern company-wide relationships, the relationships between the Company and its employees, and the relationships of all employees and the Company with customers, suppliers, and other stakeholders; to achieve the most effective use of resources; and to prevent unfair competition.

With respect to laws and regulations, Vestel Electronics:

- Achieves maximum compliance with all national laws, international rules, and company regulations.
- Ensures that all of the Company's reports, financial statements, and bookkeeping entries comply with national and international accounting principles.
- Complies unconditionally with laws, regulations, and norms in its dealings with investors and shareholders.

With respect to customers, Vestel Electronics:

- Acts honestly and fairly in its relationships with customers.
- Is sensitive in dealing with customers' problems and strives to build confidence-based relationships with customers.
- Clearly and explicitly informs customers about the rights and obligations inherent in the products and services that it provides and about their benefits and risks.
- Pays heed to, examines, and assesses customers' objections and complaints and safeguards customers' rights through the customer relations unit that it has set up.
- Provides customers with the highest levels of quality and service.
- Systematically compensates customers for any losses or damages they may suffer on account of the Company's products and services.

With respect to personnel, Vestel Electronics:

- Provides employees with safe, healthy, and suitable conditions in which to work.
- Treats employees fairly and equitably in issues related to training, career progression, hiring, and promotion.
- Takes pains to employ a suitable number of people at each task; plans and carries out its activities mindful of normal working hours; ensures that every employee is aware of the importance of making use of his annual leave time and does so regularly.
- Is scrupulous about fulfilling employees' rights under the law completely and in a timely manner.

With respect to corporate governance principles, Vestel Electronics:

- Keeps personnel informed on corporate governance principles, ensures that these principles are understood and accepted throughout the Company, and is watchful of full compliance with them.
- Makes sure that all publicly disclosed information is intelligible, truthful, clear, timely, and complete.

With respect to the sector and competitors, Vestel Electronics:

- Acts meticulously on issues concerned with the growth and development of the sector, looking after common interests, and ensuring continued public confidence in the sector.
- Is mindful of the rules of fair competition in its dealings with competitors in the sector.

With respect to conflicts of interest, Vestel Electronics:

- Is on the lookout for situations in which private interests may conflict with those of the Company or of its customers and heads them off.
- Takes all necessary measures to prevent conflicts of interest.
- Takes precautions to prevent insider trading in the Company's securities and ensures compliance.

With respect to social responsibility and the environment, Vestel Electronics:

- Acts in line with social well-being and respect for the environment in all its activities.
- Is scrupulous about protecting natural resources and acts with environmental awareness.
- Gives priority to developments that will increase people's living standards.

Vestel Electronics employees:

- Are chosen from among people who have high ethical values, are hard-working, dedicated, honest, talented, and trustworthy.
- Strive to increase the Company's value.
- Represent the Company in the best way possible everywhere and always.
- Respect the law and company regulations.
- Are honest, disciplined, dedicated, and hard-working.
- Know how to achieve customer satisfaction.
- Know the value of learning and strive to develop their own professional skills and be more productive.
- Never discuss or debate issues related to their jobs outside the Company and never give rise to false impressions about the Company.
- Are mindful of the Company's interests in the performance of their jobs and avoid any action or behavior that might be interpreted as securing personal gain for themselves or for those close to them.
- Comply with company-published procedures concerning insider trading.

- Pay maximum attention to the effective and correct use of the Company's resources, avoid unnecessary expenditures, never use the Company's properties or resources for their own personal benefit and prevent others from doing so as well.
- Are mindful of complying with the Company's code of ethics and notify the appropriate authorities to have action taken in the event they become aware of violations of the code.
- Are scrupulous in their dealings with customers and strive to provide customers with the best possible service.
- Are judicious and respectful in their interactions with other employees.

These rules are disseminated throughout the Company and are published in all channels of communication including the internet and e-mail. The Company takes action to ensure that its employees subscribe to these rules and are morally bound by them.

Public disclosure policy

- Vestel's shares are traded on the İstanbul Stock Exchange (ISE) and its global depositary receipts are traded on the London Stock Exchange (LSE). Vestel issued USD 200 million in corporate bonds in 2002. The Company's bonds are traded on the Luxembourg Stock Exchange (LUX).

- Two standards are complied with in the preparation of Vestel's financial statements:

1. Turkish Capital Markets Board Accounting Standards
2. International Financial Reporting Standards (IFRS).

- Financial statements and independent auditors' reports prepared according to CMB standards are sent to both ISE and CMB for publication at dates specified by CMB. There are four sets of financial statements and reports prepared according to these standards and they are published at 3, 6, 9, and 12-month intervals. The 6-month and 12-month reports are of full audits; the 3-month and 9-month reports are of partial audits.

- There are two (6-month and 12-month) sets of financial statements and independent auditors' reports prepared according to IFRS. These reports are sent for publication to agencies of LSE at dates specified by that exchange.

- Financial statements and independent auditors' reports are sent to designated LUX agencies at six and twelve-month intervals. These reports are actually the same as the ones sent to LSE and they are published concurrently by both exchanges.

- Immediately after and also during reporting cycles, Vestel officers take part in conferences and face-to-face meetings in line with requests from local and international brokerages and investors during which presentations are made and questions are answered on a wide range of issues from company strategies to analyses of the financial statements.

- After the Company's IFRS financial statements have been prepared, company officers and an international brokerage house (a different one being chosen each time) make joint presentations of the statements at international financial centers in the form of face-to-face meetings with international investors and rating agencies.
- Following each reporting cycle and after the financial statements and reports have been published, summaries of them are sent by e-mail to investors and brokerages.
- The Company's annual report that is prepared for the annual general meeting is also made available to investors and brokerages. This report, which contains a summary of the Company's operational results as well as its financial statements, is prepared in two languages: Turkish and English. The report submitted to the general assembly of shareholders is in Turkish.
- At meetings of the general assembly of shareholders, company officers make summarized presentations of the Company's activities and also field questions on issues from shareholders and others.
- Decisions that might have an impact on the price of the Company's shares and debentures and other general information concerning company activities are sent simultaneously to the Turkish Capital Markets Board, the İstanbul Stock Exchange, the London Stock Exchange, and the Luxembourg Stock Exchange. Information sent to CMB and ISE takes the form of "special circumstance announcements" as specified in CMB communiques.